

Jamaica International Telecommuni-
cations Limited - Annual Report 1978

Attached for the information of the House is a copy of the Annual Report of the Jamaica International Telecommunications Limited for the year ended March 31, 1978.

The report discloses that the Company earned gross revenues of \$12,524,418 compared to \$10,989,623 in 1976/77. Operating expenditure for 1977/78 was \$9,170,361, an increase of 14.7% over expenditure of \$7,995,675 for 1976/77. Operating surplus (before tax) for the year amounted to \$3,354,057 compared to \$2,991,948 for the previous year, an increase of 12%. Foreign exchange losses of \$2,127,870, compared to \$502,425 in 1976/77, together with tax totalling \$1,803,771 resulted in a total loss of \$577,584 compared to a profit of \$2,055,479 in the previous year. This loss derives from the application of unrealised foreign exchange losses arising from the Company's external long term liabilities, to its profit and loss account for the year, rather than as an adjustment of capital reserve on the Balance Sheet.

Capital expenditure on fixed assets, primarily telecommunications equipment, during the year amounted to \$360,377 and an amount of \$576,846 was outstanding for contractual and other commitments associated with the capital expansion programme.

At March 31, 1978, the Company's investments totalled \$2,722,144.

The Board has recommended a dividend payment of \$800,000 (gross) of which 51% will be paid to the Government of Jamaica as major shareholder and 49% to Cable and Wireless (W.I.) Limited.

In coming to this decision the Board considered:-

- 1) the fact that the Company will pay corporate tax on operating profit rather than profit after unrealised foreign exchange loss/gains - an amount of \$1.804 million in 1977/78 compared with \$1.439 million in 1976/77. This emphasised that the meaningful figure for the Company's distribution policy should be operating profit before tax;
- 2) the future financial operations of the Company, and in particular the Company's cash needs for meeting current and capital out-flows in the forthcoming year 1979/80;
- 3) finally, the obligations which derive from the Memorandum of Agreement between the Government of Jamaica and Cable and Wireless (W.I.) Limited relating to the acquisition of the Company's assets within a joint venture operation.

The second extension of the International Telephone Exchange was brought into service in April 1978. This extension was installed at a cost of \$960,000 and has increased the capacity of the Exchange from 305 to 526 overseas circuits and will meet future telephone circuit requirements up to 1981.

As of March 31, 1978, 223 circuits were being used for the international telephone service, an increase of 49 circuits over the previous year. Telex and telegraph circuits remained constant at 94 and 13 respectively.

Outgoing telephone traffic volume from Jamaica for 1977/78 decreased by 16% compared to the previous year. Incoming traffic volume to Jamaica showed an increase of 30% for 1977/78 over 1976/77 level, primarily as a result of the introduction of International Subscriber Dialling. Total traffic volume (paid minutes) increased by 10% in 1977/78 over the 1976/77 volume.

During 1977/78 outgoing telex traffic volume decreased by 6% due to the tax on telex calls and a reduction in the level of business activity. Incoming traffic volume increased by 7% giving an overall increase of 1% over the 1976/77 level.

Use of the overseas telegraph service continued to decline. This was primarily due to greater usage of other types of services such as telex and telephone.

Leased circuits and other telecommunications services provided, for example, Maritime Services, International Television, Phototelegram, Broadcast Reception, etc., contributed 6% of the revenue base of the Company. Revenue from these services increased by 24% in 1977/78.

In order to provide an efficient international telecommunications service, the Company must be equipped with qualified personnel, and in this respect, an amount of \$263,568 was spent on training during 1977/78 - an increase of 19% over the previous year.

During 1977/78 a programme for establishing Worker Participation was initiated and the Company remains fully committed to its implementation.

Jamaica International Telecommunications Limited of necessity continued to participate in a number of international forums in order to maintain its operational standards and broaden its scope in the field of telecommunications.

CARLYLE DUNKLEY
Minister of Public Utilities
and Transport
24th January, 1980.