

MINISTRY PAPER NO. _____

**PERFORMANCE OF THE PETROLEUM COMPANY OF JAMAICA FOR
FINANCIAL YEAR 2003/2004 AND FOCUS FOR FINANCIAL YEAR
2004/2005**

1.0 Purpose of Ministry Paper

This Ministry Paper is intended to inform Parliament and the public in general on the performance of the Petroleum Company of Jamaica (PETCOM) during the 2003/2004 Financial Year and its plans for the 2004/2005 Financial Year.

2.0 Corporate Mission

The corporate mission of PETCOM is to build a company that is responsive to customers' needs, profitable in its operations, and socially responsible, while endeavouring to implement positive changes in the petroleum trade in Jamaica.

2.1 Objectives

The objectives of the company are:

- (a) to maximise sales and profit by pursuing strategies that seek to give the customer the best possible service and satisfaction;
- (b) to gain market share by providing superior all round service to the customer; and
- (c) to conduct operations in a safe manner, with due regard to employees, the environment, contractors, customers and the general public.

2.2 Vision Statement

The vision of the company is to become Jamaica's premier provider in the petroleum industry, through its hallmark of quality products and services and affordable prices at convenient locations.

3.0 Priority Targets for the 2003/2004 Financial Year

- (a) An increase of overall market share to twelve (**12%**).
- (b) Growth in volume sales to one million and seventy three thousand s (1,073,000) barrels to reflect a nine percent (**9%**) increase over 2002/2003.
- (c) Growth of eight percent (8%) in retail volume sales over 2002/2003, to achieve approximately five hundred and eighty thousand (580,000) barrels in sales.
- (d) Growth of nine percent (9%) in land fuel volume sales to achieve three hundred and forty thousand (340,000) barrels in sales.
- (e) Growth of ten percent (10%) in LPG sales volume relative to sales in 2002/2003, to attain a seventeen percent (17%) share of the LPG market.
- (f) Growth of seventeen percent (17%) in lubricant sales.
- (g) Continued expansion of the product and service lines.
- (h) Continued expansion of the service station and LPG network with the addition of three (3) new service stations and one (1) new LPG filling plant.
- (i) Development of the company's brand and corporate images, placing special emphasis on safety.
- (j) Improvement in the company's profitability and financial viability.
- (k) Sales revenue to exceed \$3.2 billion.
- (l) Continued development of human resource capability

4.0 Performance/Achievement – Financial Year 2003/2004

- (a) PETCOM'S market share at the end of 2003/2004 stood at 12.6% moving from 11.2% in 2002/2003.
- (b) PETCOM'S total sales volume for 2003/2004 amounted to 1.096 M barrels.
- (c) PETCOM at the end of 2003/2004 held a sixteen percent (16%) share of the LPG market

- (d) Sales revenue for 2003/2004 totalled \$4.2 billion.
- (e) One new service station, located in the parish of St. Thomas, started carrying the Petcom trademark. Two new LPG filling plants started operating in 2003/2004 in Discovery Bay, St. Ann and Manchioneal, Portland.
- (f) Unaudited data indicates that PETCOM earned approximately **\$70 million** in profit before extra-ordinary items in 2003/04 versus a budget of **\$82 million**.
- (g) Training in customer service and safety continued throughout the network as well as for the staff at the head office.
- (h) For 2003/2004, total sales volume translated into seventeen thousand eight hundred and eighty three (17,883) barrels per employee.

5.0 Programmes and Targets for 2004/2005

- (a) An increase in overall market share from 12.6% in 2003/2004 to 13.0%
- (b) Growth in volume sales to 1.124 M barrels
- (c) Growth of seven percent (7%) in retail volume sales to achieve approximately 574,556 barrels in sales.
- (d) Maintenance of current land fuel volume sales estimated at 397,173 barrels.
- (e) Growth of ten percent (10%) in LPG sales volume relative to sales in 2003/2004 to attain a seventeen percent (17%) share of the LPG market. Increase Petcom Cookie Gas visibility and sales by formulating effective marketing and reinforcing in the minds of consumers, the factors of , safety, affordability, quality, and accessibility.
- (f) Increase of 8.4% in lubricant sales.
- (g) Maintenance of market leadership in asphalt sales by achieving sales of seventy six thousand seven hundred and fifty (76,750) bbls or fifty four percent (54%) of market share.
- (g) Continued expansion of the service station and LPG network with the addition of two (2) new service stations.

- (h) Repositioning of Petcom's corporate image and creation of a single standardised brand that is "Truly Jamaican," clearly differentiating Petcom from the competition.
- (i) Improvement in the company's profitability and financial viability.
- (j) Growth in sales revenue to in excess of \$4.7 billion.
- (k) Continued development of human resource capability.

Note should be taken of discussions regarding the privatisation of this company.

6.0 BUDGETARY PROPOSAL FOR Financial Year 2004/2005

Purpose	Budgeted Ja\$'000
General Administrative Expenses: Inclusive of utilities, staffing, taxes, insurance, stationary, maintenance, professional fees, business charges, PR and community outreach, Board expenses and depreciation.	270,707
Capital Expenditure:	65,600
TOTAL	336,307

It must be noted that PETCOM is not on the Government's overall budget.

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