

MINISTRY PAPER #9/14

**REAL ESTATE BOARD
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2011**

1.0 Purpose

The attached Annual Report and Audited Financial Statements of the Real Estate Board (REB) for the year ended March 31, 2011 is hereby tabled for the information of the Honourable Houses of Parliament.

2.0 General Information

The Real Estate Board has been established since 1988 under Section 4 of the Real Estate (Dealers and Developers) Act 1987 to undertake the following functions:

- Regulate and control the practice of real estate business; and the disposal of land and housing units in development schemes following approval by the local planning authorities, and the Government Town Planner;
- Ensure that a high standard of professional conduct is maintained by persons operating in the industry
- Monitor dealers, salesmen and developers to ensure compliance with requirements of the Real Estate (Dealers and Developers) Act and Regulations, and the Registration (Strata Titles) Amendment Act and Regulations, 2010.

3.0 Highlights of performance for the financial year 2010/2011

3.1 Registration of Real Estate Dealers, Salesmen and Developers

The Board processed a total of one hundred and three (103) applications from Real Estate Salesmen and nineteen (19) from dealers. Details are presented in the table below.

Applications received from Dealers			Applications received from Salesmen		
C/F from 2009	Current Period	Total to be processed	C/F from 2009	Current Period	To be processed
4	15	19	11	94	105
Total Processed		19	Total Processed		103

The number of developers requesting registration of schemes in excess of six (6) lots or units, decreased by 38.36% compared to 2009/2010. There was however an increase in the number of applications for large developments, with units/lots in excess of forty (40). Private developers registered a total of forty-five (45) schemes, eight (08) of which each had in excess of forty (40) lots/units. This compares with only four (04) such large schemes in 2009/2010. These schemes added 10,033 units/lots to the housing pool in Jamaica during the 2010/2011 financial year.

3.2 Licensing

Licences issued to dealers fell from three hundred and thirty-two (332) in the 2009/2010 to three hundred and eighteen (318) over the period, a decrease of 4.2%. Conversely, there was a 4.5% increase in the number of licences issued to salesmen as the number of licences grew from four hundred and eighty-seven (487) in 2009/2010 to five hundred and nine (509) at the close of the 201/2011.

3.3 Complaints

The REB processed thirty-seven (37) complaints, seventeen (17) of which were settled through its intervention and three sent to prosecution. The Table below shows the outcome:

Complaints resolved by the Board	Cases prosecuted	Convictions secured	Awaiting outcome	Complaints still under investigation	Total complaints received
17	3	1	2	17	37

During the period, the Board's intervention was sought in the protection of prepayment deposits amounting to eight hundred and eighty six thousand and eighty United States dollars and eighty- nine cents (\$US 886,080.89) and one billion, six hundred and twenty-three million, six hundred and fifty thousand, nine hundred and thirteen dollars and fifteen cents \$J1,623,650,913.15 in fourteen development schemes which had failed or were in jeopardy of failing. Five million, two hundred and ninety-six thousand, five hundred and thirty-four Jamaican dollars and twenty cents (J\$5,296,534.20) of the sums above, which represented deposits in one scheme were refunded within the financial year as a result of the Board's intervention.

3.4 Other achievements

To further sensitize practitioners and the public on the role and function of the REB and how the Board could assist them, a number of public relations and education tasks were undertaken. These included:

- The publication of the semi-annual news letter entitled "Real Estate Journal";
- The participation of the REB at the St Andrew Technical High School Career Expo;
- Upgrading of the REB 's telephone lines to facilitate the dissemination of information while clients were placed on "hold";
- The production of radio advertisements on major radio stations warning members of the public of the dangers of conducting real estate business with illegal practitioners and the publication of weekly dedicated information strip in the Real Estate Section of the Sunday Gleaner;
- The production of the Real Estate Developers Manual and a Citizen's Charter.
- The placing of information and forms on line for the ease of customers.

4.0 Financial Overview

During the financial year 2010/2011, the total liabilities and accumulated surplus of the REB stood at one hundred and fifty-six million six hundred and eighty-seven thousand, six hundred and ninety-eight (\$156,687,698.00). The income earned from operations for the period amounted to fifty two million five hundred and eighty-four thousand seven hundred and eighteen dollars (\$52, 584,718.00) Operating expenses amounted to forty eight million eight hundred and thirty-four thousand four hundred and sixty-two dollars (\$48,834, 462.00). This resulted in a net income/ (expenses) balance of three million seven hundred and fifty thousand two hundred and fifty-six dollars (3,750,256.00) A Government grant of thirty-six million one hundred and twenty thousand seven hundred and seventy-five dollars (\$36,120,775.00) was received, resulting in a surplus of thirty-nine million eight hundred and seventy-one thousand and thirty-one dollars (39,871,031.00) before net finance income and taxation.

5.0 Independent Auditors Report

The Independent Auditors Report prepared by KPMG and the Financial Statements of the REB as at March 31, 2011 are outlined on pages 1 through to 18 of the Annual Report. The Auditors expressed the opinion that the Financial Statements presented gave a fair view of the financial position of the REB. They opined further that the REB's financial performance

and the changes in equity and cash flows for the year in review were in accord with the International Financial Reporting Standards and the Real Estate (Dealers and Developers) Act 1987.

6.0 Compensation

The Schedule of the compensation package for the Board of Directors and the Executive Management Team of the Real Estate Board is provided at the end of the REB's Report, after page 18. Additionally, at Appendix 1 there is an Explanation of the difference between Board Fees Stated in the Financial Statements and the Director's emoluments in the Schedule following page 18.


Robert Pickersgill M.P.

Minister of Water, Land, Environment and Climate Change

January 8, 2014

APPENDIX 1

REAL ESTATE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2011 MARCH 31, 2011

EXPLANATION OF THE DIFFERENCE BETWEEN BOARD FEES STATED IN THE FINANCIAL STATEMENTS AND THE DIRECTORS EMOLUMENTS IN THE SCHEDULE

Please note:

1. Real Estate Board

Fees payable to the Board Members of the Real Estate Board and the Commission of Strata Corporations were inadvertently understated in the Profit and Loss Accounts;

The difference of \$26,692 between the fees shown as paid to the Board of Directors in the appendices and the amount in the Financial Statement represent fees for a Committee meeting paid in the following financial year but inadvertently not accrued for.

2. Commission of Strata Corporation

The difference of \$584,500.00 between the fees shown as paid to the Board of Directors in the appendices and the amount in the Financial Statement represent fees for the 2010 financial year paid in the 2011 financial year, but inadvertently not accrued for. The relevant prior year adjustments will be made in the financial statements for 2011/2012 to account for and address this matter.

Attachment 1

SENIOR EXECUTIVE COMPENSATION

Position of Senior Executive	Year	Salary (\$)	Gratuity or Performance Incentive (\$)	Traveling Allowance or Value of Assignment of Motor Vehicle (\$)	Pension or Other Retirement Benefits (\$)	Other Allowances (\$)	Non-Cash Benefits (\$)	Total (\$)
General Manager	2010 – 2011	2,610,000.00 (1/2 borne by CSC)	-	398,250 (1/2 borne by CSC)	-	-	-	3,008,000.00
Manager Inspectorate	2010 – 2011	2,835,000.00	-	796,500.00	283,500.00	-	-	3,915,000.00
Manager, Accounts, HR and Admin	2010 – 2011	1,260,000.00 (1/2 borne by CSC)		210,000.00 (½ borne by CSC)	252,000.00			1,722,000.00

Notes

1. Where contractual obligations and allowances are stated in a foreign currency, the sum in that stated currency must be clearly provided and not the Jamaican equivalent.
2. Other Allowances (including laundry, entertainment, housing, utility, etc.)
3. Where a non-cash benefit is received (e.g. government housing), the value of that benefit shall be quantified and stated in the appropriate column above.
4. CSC –Commission of Strata Corporation

Attachment 2A

DIRECTORS COMPENSATION

Position of Director	Fees (\$)	Motor Vehicle Upkeep/Traveling or Value of Assignment of Motor Vehicle (\$)	Honoraria (\$)	All Other Compensation including Non-Cash Benefits as applicable (\$)	Total (\$)
Chairman	317,500.00	-	-	-	317,500.00
Member 1	178,250.00	-	-	-	178,250.00
Member 2	157,500.00	32,750.00	-	-	190,250.00
Member 3	224,250.00	-	-	-	224,250.00
Member 4	25,500.00	-	-	-	25,500.00
Member 5	135,750.00	-	-	-	135,750.00

Notes

1. Where a non-cash benefit is received (e.g. government housing), the value of that benefit shall be quantified and stated in the appropriate column above.

Attachment 2B

DIRECTORS COMPENSATION

Position of Director	Fees (\$)	Motor Vehicle Upkeep/Traveling or Value of Assignment of Motor Vehicle (\$)	Honoraria (\$)	All Other Compensation including Non-Cash Benefits as applicable (\$)	Total (\$)
Member 6	139,250.00	-	-	-	139,250.00
Member 7	189,250.00	-	-	-	189,250.00
Member 8	170,250.00	-	-	-	170,250.00
Member 9	104,250.00	-	-	-	104,250.00
Member 10	7500.00	-	-	-	7500.00
Member 11	65,500.00	-	-	-	65,500.00

Notes

1. Where a non-cash benefit is received (e.g. government housing), the value of that benefit shall be quantified and stated in the appropriate column above.
2. Where contractual obligations and allowances are stated in a foreign currency, the sum in that stated currency must be clearly provided and not the Jamaican equivalent.
3. Other Allowances (including laundry, entertainment, housing, utility, etc.)
4. Where a non-cash benefit is received (e.g. government housing), the value of that benefit shall be quantified and stated in the appropriate column above.
5. Board Member 10 replaced Board Member 4, who attended one meeting and subsequently resigned.