

MINISTRY PAPER

#10/14

PLANNING INSTITUTE OF JAMAICA
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2012

1.0 INTRODUCTION

1.1 The matter for tabling in the Honourable House of Representatives is the Annual Report of the Planning Institute of Jamaica (PIOJ) for the year ended December 31, 2012.

1.2 The PIOJ was established on April 9, 1984 as a corporate body under the Planning Institute of Jamaica Act. The Institute is mandated to initiate and co-ordinate plans for the economic, financial and social development of Jamaica. This is executed through the provision of policy and technical advice to the Government of Jamaica (GOJ) on social and economic issues and external co-operation management. PIOJ is also focussed on the transformation of Jamaica under Vision 2030 through strategies such as monitoring, forecasting and reporting on the economy against targeted objectives.

2.0 DISCLOSURES

2.1 Auditors' Report

2.1.1 Deloitte and Touche, independent auditors of the PIOJ conducted examinations of the entity's financial statements as at December 31, 2012, in accordance with the International Standards on Auditing and expressed an unqualified opinion. The auditors informed that the financial statements accorded with International Financial Reporting Standards and give a true and fair view of the financial position as at December 31, 2012 and of the financial performance and cash flows of the Institute for the year.

2.2 Compensation for Senior Executives

2.2.1 Pursuant to the Second Schedule (Part 1) of the Public Bodies Management and Accountability Act (Amendment 2011), details of the compensation packages for the Institute's eight (8) senior executive directors are included in the Annual Report. Total remuneration amounted to \$48.23 million and accounted for 16.48% of total staff costs. Individual packages ranged from \$4.54 million to \$12.35 million and are detailed in the Annual Report. Information regarding compensation (\$0.260 million) for the Board of Directors is also included.

3.0 OPERATIONAL REVIEW

3.1 During the review period, PIOJ undertook several activities that are highlighted in Table 1.

Table 1: Major Undertakings in 2012

Economic Policy and Planning	The Institute played a pivotal role in the GOJ's negotiations with the International Monetary Fund (IMF) by contributing to the Director General's Brief to the Fund's delegation. Information provided included updates on the Growth Inducement Strategy (GIS), as well as Jamaica's economic performance and projections. Technical advice was also provided on several documents including, Student Loan Bureau Demand for Tertiary Education and Chinese Grant for Agricultural Cooperation. PIOJ also continued to provide broad-based support to various sectors (including agriculture and transport) through its involvement in committees and working groups.
Social Policy and Planning	PIOJ (among other activities) - (a) led the process towards the development of the second Medium-Term Framework 2012-2015; (b) formed Thematic Working Groups to coordinate and monitor the implementation of the Vision 2030 Jamaica National Development Plan and; (c) presented the Jamaica Survey of Living Conditions 2010 and the 2008 Parish Report to the Human Resource Committee of the Cabinet.
Sustainable Development and Regional Planning	PIOJ continued to provide technical support and advice to stakeholder Ministries, Departments and Agencies (MDA) with respect to nine policies and strategies, as well as 20 projects and programmes related to its general portfolio. These emphasised development planning, land use management, diversification of the energy mix and expansion of renewable energy; and community renewal.
Bilateral Co-operation	The Entity facilitated cooperation between GOJ and bilateral international development partners ensuring alignment of resources with GOJ's priorities. This involved co-ordinating and monitoring programmes with 16 countries, and negotiating for loans, grants and technical assistance. Negotiations were held with the Canadian International Development Agency (CIDA) representatives for two regional projects totalling CAD\$40 million (J\$3,600 million). The Institute was also engaged in mobilising grant resources of US\$12.40 million (J\$1,100 million), as cooperation with China continued.
European Union	In 2012 the GOJ-EU Cooperation Programme consisted of 15 programmes and projects totalling €220.60 million (J\$2,490 million) in grant resources. PIOJ led the preparation and negotiations for four projects and collaborated with the Ministry of Agriculture in negotiating conditions for a sector budget support programme. Accordingly, five financing agreements totalling €51.30 million (J\$5,800 million) were signed by GOJ. This included €31.00 million (J\$3,500.00 million) to support the Sugar Cane Sector and €10.00 million (J\$1,100 million) for the Poverty Reduction Programme III,
Multilateral Financing	The Institute managed a combined portfolio of 92 projects in the sum of US\$1,100 million (J\$97,900 million). This comprised 63 projects valued at US\$542.90 million (J\$4,830.00 million) from the Inter-American Development Bank (IDB), 17 projects (US\$220.80 million/J\$19,600 million) from the Caribbean Development Bank (CDB) and 13 (US\$300.10 million/J\$29.40 million) from the World Bank. Two new loans totalling US\$50.00 million (J\$4,400 million) were successfully designed, developed and negotiated with the IDB and the CDB. The loan of US\$30 million (J\$2,700 million) from the IDB to support efforts to improve human capital and labour market outcomes of the poor by enhancing the efficiency and effectiveness of key social protection programmes. Meanwhile US\$20 million/J\$1.86 million was accessed from the CDB to support the Student Loan Bureau's disbursement to tertiary level students.

4.0 FINANCIAL HIGHLIGHTS

4.1 Income and Expenditure

Table 2 (\$M) Income and Expenditure Statement

PARTICULARS	2012	2011	Variance (\$)	Variance (%)
Income:				
Govt. Subvention	402.03	390.61	11.42	2.92
Interest Income	4.82	3.48	1.34	38.51
Other Income	33.29	28.31	4.98	17.59
Total Income	440.14	422.4	17.74	59.02
Expenses:				
Staff Costs	292.57	347.54	54.97	15.82
Property Expenses	44.524	43.99	-0.53	-1.21
Consultancy and Professional Fees	2.18	2.83	0.65	22.97
Depreciation	30.37	31	0.63	2.03
Other Operating Expenses	17.14	13.32	-3.82	-28.68
Total Expenses	386.79	438.68	51.89	11.83
Surplus/Deficit	53.35	-16.28	69.63	427.72

4.1.1 Table 2 highlights that PIOJ recorded a net surplus of \$53.35 million, an improvement of \$69.63 million on the deficit of \$16.28 million incurred in the prior year. The enhanced performance was attributed mainly to a \$54.97 million decrease in staff cost while Government subvention increased by \$11.42 million. The reduced staff cost is associated with the revaluation of the Defined Benefit (pension) Plan. Specifically, International Accounting Standards 19, limits the surplus which can be recognised as an asset on the balance sheet (to amounts which can be accessed), and the change in the unrecognised portion is captured in the Income Statement. Of note, unrecognised asset amounted to \$120.41 million compared to \$146.47 million in prior year. The reduction of \$26.06 million was \$78.78 million less than the increase of \$52.42 million recorded in 2011 and contributed significantly to the lowering (by \$83.88 million) of the Institute's benefit plan charge. However, this decline was partially offset by a \$30 million increase in salaries and allowance due to the payment of retroactive basic pay during the year.

4.2 Balance Sheet and Cash Flow Highlights

4.2.1 The PIOJ's total assets base grew by \$8.69 million to \$729.97 million at December 31, 2012. The increase was influenced mainly by positive adjustments of \$38.46 million in the entity's retirement benefit, while there was a disproportionately lower reduction of \$13.45 million, and \$11.10 million in property plant and equipment, as well as cash and cash equivalents respectively. Conversely, total liabilities fell by \$44.65 million to \$507.78 million since project obligations reduced by \$33.58 million. There was also a reduction of \$14.25 million in deferred income as PIOJ continued to write off grants received for the purchase of property. Although cash balances declined, the decline in current liabilities facilitated improved working capital of \$64.08 million at year end, compared to \$49.31 million at December 31, 2011.

4.2.2 Of note, \$0.37 million was used by operating activities which was a \$92.14 million reduction below the cash of \$91.76 million generated in 2011. This was mainly attributable to PIOJ disbursing more funds (net \$33.58 million) to projects compared to the accumulation of \$40.96 million in this liability during 2011; an additional outflow of \$74.54 million. Also contributing to the reduction in cash flows on operations was the net credit adjustment in relation to the Staff Pension Plan. These were offset partially by the improved net surplus.

5.0 CONCLUSION

5.1 The PIOJ remained committed to providing sound policy advice to the GOJ on social, economic and environmental issues with a view to achieving national sustainable development. This resulted in special emphasis being placed on five critical areas to maintain macroeconomic stability, promote social well-being and foster an enabling environment for private sector development. Particularly the Institute contributed to implementing aspects of the Growth Inducement Strategy, which is fully aligned with Vision 2030 Jamaica.



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