

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
OF THE BANANA BOARD FOR THE YEAR 2012

The matter for tabling in the Houses of Parliament is the Annual Report and Audited Financial Statements of the Banana Board for the year ended December 31, 2012. The Report is being tabled in accordance with the provisions of Section 27 (2) of the Banana Board Act.

2. REVIEW OF OPERATIONS

The Banana Board implemented the National Adaptation Strategy which was revised in 2012. This strategy was aimed at revitalizing, within the industry, the development of the value-added banana and plantain industry and to increase demand locally, while maintaining international standards of production and food health and safety. The main areas of focus for the Board included, conducting applied research programmes and breeding research programmes; extension services and project management, all of which were carried out in accordance with The National Policy for the Banana Industry 2009.

The Board continued the activities of the Technical Services Grant Contract during 2012. The technical services team accomplished significant achievements with respect to the targets set for the review period. At the end of the implementation period, 140% of the targets for the project were already achieved. Farmers were facilitated to implement the communicated recommendations. Services provided to farmers included monitoring of farms for the implementation of international and domestic standards; auditing of ripening facilities; Moko disease monitoring and survey; and implementation of appropriate Black Sigatoka disease and borer weevil control programmes. Other achievements over the review period included:

- i. The completion of the technical services contract on April 30, 2012 for the Global Positioning System/Geographic Information Systems (GPS/GIS);
- ii. The construction of four regional nurseries in Portland, St. Mary, Hanover and St. Catherine;
- iii. The multiplication of 4,936 seedlings of new varieties from the beginning of the Technical Services Grant Contract with the European Union.

One of the major challenges experienced by the Board over the review period was the damage caused by Hurricane Sandy. After an assessment of the impact of the hurricane by the Board, it was discovered that there was an average of 66% damage to the areas in commercial production which translates to more than 1,320 hectares. St. Mary, Portland and St. Thomas experienced damages of 93%, 96% and 100% respectively. However, the western end of Jamaica was less severely impacted. An assessment of damages revealed that it would cost \$1.1 billion to rehabilitate farms to commercial standards. In addition, loss in earnings for banana farmers was estimated at \$1.4 billion.

3. PRODUCTION

Banana and Plantain Production for the Years 2011 & 2012

(Tonnes)

Product	Year	
	2011	2012
Banana	46,660.1	45,980.3
Plantain	35,340.6	34,573.2

It should be noted that for the 2012 crop-year a total of 45,980.3 tonnes of banana and 34,573.2 tonnes of plantain were produced. This represented marginal reductions of 679.8 tonnes (1.5%) and 767.4 tonnes (2.2%) for banana and plantain respectively from the previous year. This decrease in production resulted from delays in the disbursement of loans in the Banana Resuscitation Programme after Tropical Storm Nicole in 2010 and the further devastation by Hurricane Sandy in 2012.

4. BANANA INDUSTRY CATASTROPHE FUND

The Banana Catastrophe Fund which was established with a grant of JA\$30M from the European Union Banana Support Programme (EUBSP) and a further \$9M contribution from farmers under the Hurricane Dean Material Programme has been growing steadily through contributions from registration fees from banana and plantain growers. For the period under review, 235 farmers were registered with the fund, paying fees of \$3,750 per hectare, which amounted to \$2,266,682.50.

Following the passage of Hurricane Sandy, the Banana Industry Catastrophe Fund action plan was activated immediately. Field assessments were conducted by field officers in all banana parishes. The General Manager, Extension Manager and Chief Account were mandated to meet and assess the cost of rehabilitation, as well as the money available for distribution from the allocated portion of the Fund. Only \$7.8 million was permitted to be distributed. A larger payout was not allowed according to directives in the Catastrophe Fund Operations Manual.

5. FINANCIAL STATEMENTS

The Board recorded a surplus of \$18.4 million for the year ended December 31, 2012. This represented an increase of \$5.1 million (33.2%) over the value recorded in the previous year. The Board achieved this surplus from total income of \$112.7 million. The main sources of income were Subvention (\$74.5M) and Grants Received (\$20.1M).

6. SALARY AND EMOLUMENTS

Cabinet is being asked to note the salaries and emoluments of the senior executives set out at Appendix I. However, it should be noted that there was no Board of Directors in place for the review period.

7. AUDITOR'S REPORT

The financial statements were audited by KPMG Chartered Accounts. They have stated as the basis for their opinion that due to the absence of independent confirmation and inadequate supporting documentation of the following balances as at December 31, 2012: Special loans totaling \$42,912,000 (December 31, 2011- \$42,242,000) and advances from Government of Jamaica of \$3,072,000 (December 31, 2011- \$3,072,000) they were unable to verify satisfactorily the completeness or accuracy of the principal amounts and related interest accruals, as well as their classification as current or non-current liabilities. Any adjustments, as might have been deemed necessary, in these regards may affect the surplus for the year, as well as the amounts shown in the statement of financial position as at December 31, 2012.

The auditors have further stated that in their opinion, except for the effects, if any, of such adjustments as might have been deemed necessary in respect of the matters referred to in the preceding paragraph, the financial statements give a true and fair view of the financial position of the Board as at December 31, 2012 and of

its financial performance, changes in reserves and cash flow for the year then ended, in accordance with International Financial Reporting Standards.

8. The Annual Report and Audited Financial Statements of the Banana Board for the year ended December 31, 2012 are hereby submitted to be tabled in the Houses of Parliament in accordance with Section 27 (2) of the Banana Board Act.



Roger Clarke

Minister of Agriculture & Fisheries

February 28 , 2014

BANANA BOARD
SENIOR EXECUTIVE COMPENSATION

Position of Senior Executive	Year	Salary (\$)	Gratuity (\$)	Traveling Allowance or Value of Assigned Motor Vehicle (\$)	Pension or Other Retirement Benefits (\$)	Other Allowances (\$)	Non-Cash Benefits (\$)	Total (\$)
General Manager	2012	4,036,429.00	1,009,107.25	768,295.00	-	-	-	5,813,831.25
Chief Account	2012	2,363,623.00	590,905.75	490,875.00	-	-	-	3,445,403.75
Pathologist	2012	2,367,828.00	591,957.00	490,875.00	-	-	-	3,450,660.00
Total		8,767,880.00	2,191,970.00	1,750,045.00	-	-	-	12,709,895.00

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.