

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS OF THE
AGRO-INVESTMENT CORPORATION
FOR THE YEAR ENDED MARCH 31, 2013

The matter for tabling in the Houses of Parliament is the Annual Report and Audited Financial Statements of the Agro-Investment Corporation (Agro-Invest) for the year ended March 31, 2013. The report is being tabled in accordance with Section 17 (2) of the Agro-Investment Corporation Act.

2. OVERVIEW

The Agro-Investment Corporation was formed in 2009 upon the merger of the Agricultural Development Corporation (ADC) and the Agricultural Support Services Project (ASSP).

Agro-Invest is the arm of the Ministry of Agriculture and Fisheries which has as its mission the mobilisation, financing and facilitation of investment in the agricultural sector, while undertaking agricultural development for the enhancement of the economic well-being of the Jamaican people. Its services cover the investment chain from the identification of opportunities through feasibility studies, due diligence and business planning to identifying of finance, project management, long term business performance monitoring and technical support.

The Corporation is located at the AMC Complex, 188 Spanish Town Road.

3. MANAGEMENT OF STATE-OWNED ASSETS

Over the period under review, Agro-Invest engaged in several productive activities to enhance the utilisation and operational efficiency of state owned assets, including:

Amity Hall Farm

- i. A total of 258 hectares was under agricultural production through the engagement of 21 investors. This resulted in the employment of 132 workers.
- ii. The operations experienced a 15% decrease in surplus from J\$414,238 to J\$352,191.
- iii. The decline may be attributed to the grading of bales which were sold at different prices, \$921.66/tonne and \$460.83/tonne. Additionally, the demand for hay from the Farm decreased as indicated in the 6% fall in sales from 1,623 tonnes in 2012 to 1,527 tonnes in 2013.

Ebony Park/Spring Plain/New River

- i. Agro-Invest facilitated 210 hectares at Ebony Park/Spring Plain being brought under production. This resulted in the employment of an estimated 300 workers

(permanent and temporary) as well as the harvesting of 544.3 tonnes of agricultural produce.

Rhymesbury

- i. The development of the small ruminant industry was facilitated with the establishment of a 600 head herd on the property. The herd was valued at \$17.9 million and managed among 10 farmers.
- ii. Agro-Invest undertook industry development activities including investment and market promotions, including workshops, seminars, brand awareness and product tasting events.

Minard

- i. The role of Minard Estate is to develop the livestock industry specifically in the improvement and expansion of the three (3) native/national beef breeds, i.e. Jamaica Brahman, Jamaica Red and Jamaica Black.
At the end of the financial year, 749 saleable animals were on the farm with a market value of \$42M.
- ii. The pasture management activities included the planting of 16 hectares of grass, resuscitation of 11 hectares and cleaning of 17 hectares. Approximately 54 kilometres of fence was repaired and 1.4 kilometres of new fence erected.
- iii. The Estate participated in several livestock shows and exhibitions including the Denbigh Agricultural & Livestock Show (August 2012) and the Hague Agricultural Show (February 2013). At the Denbigh show, Minard was awarded with 10 cups and 1 trophy for its livestock showings.

Agricultural Marketing Corporation (AMC)

- i. The AMC facilitated the marketing of non-traditional agricultural produce through the provision of cost effective, strategically located marketing infrastructure to producers and exporters. The facilities included warehouse space, chill room space, plug-in systems, and office space.
- ii. During the 2012-2013 review period, occupancy rate of the marketing facilities started at 88% and ended at 69% as the number of tenants declined to 25 (2012-37 tenants). This was due in part to renovation of the main warehouse to meet the Food Safety Modernisation Act (FSMA) standards.

Development of Land Asset Bank

- i. Agro-Invest was charged with identifying, developing and maintaining an inventory of government-owned agricultural lands. At the end of the review period, over 32,000 hectares of land was identified and assessed for crop and livestock production.

4. INVESTOR IDENTIFICATION AND FACILITATION

- i. **Business Facilitation** – These activities resulted in 69 grant proposals being prepared on behalf of the Ministry of Agriculture and Fisheries* (MOAF) Sugar Transformation Unit. The proposals earned the Corporation \$4.83M. One (1) business plan was prepared from which Agro-Invest earned \$115,000.
- ii. **Industry Development** – Agro-Invest's industry development efforts were focused on the production of onion, pineapple and yam at the Ebony Park Agro-Park.
 - a. **Onion** – Two demonstration plots were established with the purpose of providing base data to drive investment and improve production. The Arad and Grano F1 varieties were assessed and marketed in April 2013.
 - b. **Pineapple** – A demonstration plot was also established to determine the production costs and best management regime for the MD2 variety. Investors were further facilitated through technology transfer as well as provision of 91,000 plantlets to establish MD2 production in non-traditional pineapple growing areas.
 - c. **Yam** – Several testing modes were instituted to improve knowledge/technologies on yellow and sweet yam production. These include:
 - i. Modified traditional technology in yellow yam production
 - ii. Mini sett technology with two varieties and three weed control methods (grass mulch, plastic mulch and manual)Funding for the trials was provided by the Development Bank of Jamaica.
- iii. **Agricultural Grant Funding** – Agro-invest facilitated the injection of approximately JS\$181M into the agricultural sector. These funds were mobilised for the purposes of procuring equipment and machinery, providing training and developing infrastructure.
- iv. **Glut Management Fund** – The \$50M Fund is geared at purchasing fresh produce in bulk for storage when there is an oversupply. The revolving loan scheme, established to provide processors and suppliers access to finances, was not employed during the year.
- v. **Management of the Agricultural Development Fund** – The Fund ensures food security and the provision of a sustainable source of funding to support development in the sector. During the review period \$63.8M was received and \$47.7M dispensed to facilitate the renovation of the Trelawny Yam House, construction of the Hounslow Post Harvest Facility in St. Elizabeth, and aid in the development of Minard Estate.
- vi. **Project Management** – Agro-Invest managed the Minard Cattle Farm Breeding Programme. This project seeks to improve the multiplication of national beef

breeds, including the Jamaica Red, Jamaica Brahman and Jamaica Black. It should impact the quality of seed stock and herds available to farmers.

5. FINANCE

Agro-Invest ended the 2012-2013 fiscal year with a deficit of \$12.96M. This represents a 194% decline in net profit in comparison to prior year's surplus (2012 - \$13.8M). The decline may be attributed to drastic rise in operating expensing (\$11.2M), injection of capital into project development initiatives (\$19.4M), administrative expenses (\$71.9M) and provisions for impairment (\$16.2M). The deficit occurred despite a 10.85% reduction in operating deficit. Sources of income included Government subvention (\$57.0M) and grant allocations (\$27.6M).

6. SALARIES AND EMOLUMENTS

The salaries and emoluments of the senior executives and compensation of directors for the period are included at appendices I and II respectively.

7. AUDITOR'S REPORT

The accounts for the period under review were audited by Lee Clarke Chang Chartered Accountants. They have stated that in their opinion, the financial statements gave a true and fair view of the financial position of the Corporation as at March 31, 2013, and of the financial performance and cash flows of the Corporation for the year then ended, in accordance with International Financial Reporting Standards.

8. The Annual Report and Audited Financial Statements of the Agro-Investment Corporation for the year ended March 31, 2013 are hereby submitted to be tabled in the Houses of Parliament in accordance with Section 17 (2) of the Agro-Investment Corporation Act.



Derrick Kellier

Minister of Agriculture, Labour and Social Security

File No. 12/1/34

January 7, 2015

Appendix I

2012-2013

DIRECTORS' COMPENSATION

Position of Director	Fees (\$)	Motor Vehicle Upkeep/Travelling or Value of Assigned Motor Vehicle (\$)	Honoraria (\$)	All Other Compensation including Non-Cash Benefits as applicable (\$)	Total (\$)
Chairman 1	57,000.00	-	-	8,781.25	65,781.25
Director 1	24,750.00	-	-	8,781.25	33,531.25
Director 2	28,875.00	-	-	8,781.25	37,656.25
Director 3	12,375.00	-	-	8,781.25	21,156.25
Director 4	24,750.00	12,850.00	-	8,781.25	46,381.25
Director 5	12,375.00	-	-	8,781.25	21,156.25
Director 6	24,750.00	-	-	8,781.25	33,531.25
Director 7	16,500.00	-	-	8,781.25	25,281.25
Total	201,375.00	12,850.00	-	70,250.00	284,475.00

Appendix II

2012-2013

SENIOR EXECUTIVES' COMPENSATION

Position of Senior Executive	Salary (\$)	Gratuity or Performance Incentive (\$)	Travelling Allowance or Value of Assigned Motor Vehicle (\$)	Pension or Other Retirement Benefits (\$)	Other Allowances (\$)	Non-Cash Benefits (\$)	Total (\$)
Chief Executive Officer	5,052,777.82	-	945,850.00	-	-	-	5,998,627.82
Director, Joint Venture	3,273,151.66	-	945,850.00	-	-	-	4,219,001.66
Director, Project Development	3,273,151.66	-	945,850.00	-	-	-	4,219,001.66
Total	11,599,081.14	-	2,837,550.00	-	-	-	14,436,631.14

Notes

The absence of the Human Resource Director from the Senior Executive Compensation table was as a result of budgetary/financial constraints that the Corporation was experiencing during the specified period.