

COCOA INDUSTRY BOARD
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR
THE YEAR ENDED SEPTEMBER 30, 2013

The matter for tabling in the Houses of Parliament is the Annual Report and Audited Financial Statements of the Cocoa Industry Board for the year ended September 30, 2013. This report will be tabled in accordance with the provisions of Section 16 of the Cocoa Industry Board Act.

2. ROLE OF THE COCOA INDUSTRY BOARD

The core function of the Board was the marketing of Jamaica's fine flavoured cocoa internationally. This involved:

- The promotion of cocoa growing among farmers;
- The provision of technical support;
- The purchase and processing of wet beans; and
- The sale of dried fermented beans.

Processing took place at the Board's two operating fermentaries which are strategically located in the parishes of Clarendon and St. Mary. However, the warehousing of the beans was conducted at the Board's head office in Kingston.

3. COCOA FARMING POPULATION

It was estimated that 6,000 farmers grew cocoa commercially on 12,000 hectares primarily in the parishes of Clarendon, St. Mary, Portland, St. Catherine and St. Thomas.

4. DEMAND FOR JAMAICA'S FINE FLAVOURED COCOA

During the year, demand for Jamaica's fine flavoured cocoa internationally remained stable and was estimated at a minimum of 1,500 tonnes.

5. PRODUCTION

It should be noted that for the 2012/13 crop year, a total of 291 tonnes of cocoa beans was produced. This figure represented a 47.8% (266 tonnes) decrease from the previous year's figure of 557 tonnes.

COCOA PRODUCTION FOR THE LAST THREE YEARS

Crop Year	Production of Dried Beans (tonnes)
2010/2011	215
2011/2012	557
2012/2013	291
Total	1,063

Factors Affecting Production

The chief factor impacting the production of cocoa over the review period was the passage of Hurricane Sandy. Over 1,600 hectares of cocoa farms were damaged during Hurricane Sandy in October 2012. Farms in the parishes of St. Thomas, Portland, St. Mary, and parts of St. Catherine received 60% damage, while Clarendon farms experienced only 10% damage. A grant of \$15 million was provided by the Ministry of Agriculture and Fisheries to assist farmers with fertilizer, seedlings and cutting tools to aid their recovery from the hurricane. Production for the 2012/13 crop year was also affected by:

- The increasing average age of farmers;
- High costs of inputs (labour, fertiliser, etc.);
- Poor cultural practices;
- Inadequate support to cocoa farmers from affiliated organisations; and
- Inadequate extension personnel to serve the five major producing parishes.

6. SUPPORT SERVICES

The Board continued to support the industry through meetings with farmers, collectors and secretaries. Extension service was also provided, delivering technical advice to farmers on how to improve their production.

7. FARM-GATE PRICE FOR WET COCOA

It should be noted, that with the severe reduction in production for the year under review and the Board's fixed cost structure, they were forced to maintain the same price of \$2,000.00 per box to the farmer.

FARM-GATE PRICE FOR THE PERIOD

	<u>2011/12-2012/13</u>	
	2011/2012	2012/2013
	per box	per box
	(\$)	(\$)
First Payment	1,800.00	1,800.00
Final Payment	<u>200.00</u>	<u>200.00</u>
Total	<u>2,000.00</u>	<u>2,000.00</u>

Based on production of 291 tonnes for the year, a total of \$47,388,924.00 was paid to farmers during the crop year with \$12,125,236.00 accruing as final payment at the end of the year.

8. FINANCES

The Board incurred a loss of \$62.3 million during the review period. However, this represented an improvement in the financial performance of the Board from a loss of \$96.5 million in the previous year.


9. AUDITOR'S REPORT

The accounts were audited by Ian Walters and Company Chartered Accountants. They have stated, that subject to any adjustments that might have become necessary to the prior year figures which were audited by other independent auditors, the financial statements give a true and fair view of the financial position of the Cocoa Industry Board as at September 30, 2013 and of the Board's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Cocoa Industry Board Act.

10. REMUNERATION

The salaries and emoluments of the directors and senior executives are set out at appendices I and II respectively.

11. The Annual Report of the Cocoa Industry Board for the Year ended September 30, 2013 is hereby submitted to be tabled in the Houses of Parliament in accordance with Section 16 of the Cocoa Industry Board Act.


Derrick Kellier, C.D.

Minister of Agriculture, Labour and Social Security

April 16, 2015

File No. 50/9/3

COCOA INDUSTRY BOARD

DIRECTORS COMPENSATION 2012/13

Position of Director	Fees (\$)	Motor Vehicle Upkeep/Travelling or Value of Assigned Motor Vehicle (\$)	Honoraria (\$)	All Other Compensation including Non-Cash Benefits as applicable (Meals) (\$)	Total
Chairman				17,500.00	17,500.00
Director 1	16,500.00	36,962.00		6,000.00	59,462.00
Director 2	33,000.00			11,000.00	44,000.00
Director 3	22,000.00			7,000.00	29,000.00
Director 4	49,500.00	45,254.00		16,000.00	110,754.00
Director 5	49,500.00	44,019.00		16,000.00	109,519.00
Director 6	49,500.00			16,000.00	65,500.00
MOA Observer	27,500.00			13,000.00	40,500.00
Total	247,500.00	126,235.00		102,500.00	476,235.00

Notes

- 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.

COCOA INDUSTRY BOARD
SENIOR EXECUTIVE COMPENSATION

Position of Senior Executive	Year	Salary (\$)	Gratuity or Performance Incentive (\$)	Traveling Allowance or Value of Assigned Motor Vehicle (\$)	Pension or Other Retirement Benefits (\$)	Other Allowances (\$)	Non-Cash Benefits (\$)	Total (\$)
Secretary/Manager	2012/13	2,910,615.00	-	975,720.00	-	-	-	3,886,335.00
Human Resource Manager	2012/13	1,631,718.00	-	233,890.00	-	-	-	1,865,608.00
Senior Accounting Officer	2012/13	1,295,311.00	-	432,995.00	-	-	-	1,728,306.00
Technical Consultant	2012/13	260,870.00	-	74,565.00	-	-	-	335,435.00
Extension Officer/Co-ordin	2012/13	998,277.00	-	428,750.00	-	-	-	1,427,027.00
Fermentary Manager 1	2012/13	919,354.00	-	514,500.00	-	-	-	1,433,854.00
Fermentary Manager 2	2012/13	919,354.00	-	514,500.00	-	-	-	1,433,854.00
TOTAL		8,935,499.00		3,174,920.00				12,110,419.00

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.