MINISTRY PAPER

ANNUAL REPORT OF THE SUGAR INDUSTRY AUTHORITY FOR THE CROP YEAR ENDED 2012/2013

The matter for tabling in the Houses of Parliament is the Annual Report and Audited Financial Statements of the Sugar Industry Authority for the year ended October 31, 2013 in accordance with the provision of Section 16 (2) of the Third Schedule of the Sugar Industry Control Act.

2. PRODUCTION

Selected Production Statistics for the 2011/2012 and 2012/2013 Crops

	2012	2013
Cane Milled ('000 Tonnes)	1,475	1,402
Farmers	585	573
Estates	890	829
96° Sugar Production ('000 tonnes)	131.59	128.2
Hectares Reaped ('000)	28	29
Tonnes cane/hectare	52.56	48.03
Tonnes cane/tonne sugar	11.21	10.99
Tonnes sugar/hectare	4.69	4.39

Sugar production for the 2012/2013 crop was 128,196 tonnes of 96° sugar. This represents a 2.6 percent decline below the comparative figure of 131,589 tonnes produced in the previous year. The volume of cane crushed, excluding cane to distilleries, showed a 5 per cent decrease to 1,402,564 tonnes below the previous year's total of 1,475,225 tonnes.

The decline in sugar production was attributed to poor weather conditions and a decline in factory efficiency. The Tonnes Cane per Tonne Sugar (TC/TS) ratio improved from 11.21 in 2011/12 to 10.99 in 2012/2013.

Tonnes 96° Sugar Produced: 2008 - 2013

FACTORIES	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
Frome	49,828	37,847	40,830	41,686	34,278	36,700
Monymusk	15,421	19,342	17,004	28,668	26,329	18,501
Bernard Lodge	15,017	-	-	-	-	-
Long Pond/Everglades	6,399	3,833	1,457	-	3,984	6,674
St. Thomas/Golden Grove	12,886	11,486	12,587	16,123	15,524	14,107
Appleton	22,310	31,625	29,025	31,033	29,794	29,513
Worthy Park	19,011	21,685	20,903	22,083	21,680	22,701
TOTAL	**140,872**	**125,818**	**121,806**	**139,593**	**131,589**	**128,196**

3. CANE QUALITY

The performances as measured by the Factory Recovery Index (FRI) and the Jamaica Recoverable Cane Sugar (JRCS) both increased when compared to the previous year. Average FRI moved from 87.73 in 2011/2012 to 88.28 in 2012/2013, while average JRCS increased from 10.39 to 10.49 over the same period.

4. PRICES

The price per tonne sugar paid to growers and manufacturers increased from $75,594 in 2012 to $78,303 in 2013. This represented a 3.58% increase over the previous year. This price was apportioned between growers ($48,548) and manufacturers ($29,755) at a ratio of 62:38 respectively.

	2011/2012	2012/2013
	JA$	JA$
Cane Growers (62%)	46,868	48,548
Manufacturers (38%)	28,726	29,755
	$75,594	$78,303

The industry continued to benefit from attractive prices in the EU mainly as a result of changes to the EU Common Agricultural Policy and subsequent termination of the Sugar Protocol (preferential trade).

5. MARKETING

The total volume of sugar exported in 2012/2013 was 82,469 tonnes valued at US$71,164,000 . The earning from exports represented a 25.39% decrease below the previous year's value of US$95,382,000.

The major export market was the European Union (EU) with an intake of 82,405 tonnes, valued at US$71,086,000 and a smaller quantity of 64 tonnes, valued at US$78,000 was shipped to the Cayman Islands. The average price per tonne sugar received from exports decreased by 6.60%, from US$924 in 2011/2012 to US$863 in 2012/2013.

Local Sales of Sugar

The amount of locally produced raw sugar sold on the domestic market during 2012/2013 crop was 19,705 tonnes. This was 3,296 tonnes (14.33%) less than the 23,001 tonnes sold for the 2011/2012 crop. Conversely, there was a growth of 33.07% or 10,190 tonnes to 41,000 tonnes in the sales of imported brown sugar locally.

6. SUGAR INDUSTRY RESEARCH INSTITUTE (SIRI)

The Institute functioned as the research and technical arm of the SIA. It has as its primary focus the delivery of technical support and research services to the cane farming and sugar manufacturing sections of the industry and provides these through its Agricultural, Factory and Central Services Departments.

Pathology

The successful removal of the main Orange Rust susceptible varieties enabled Worthy Park in 2013, to concentrate its efforts on protecting cane in the zone of acid soils which tended to provide an environment for the development of the disease. Rotation of four fungicides was carried out as a deliberate strategy to avoid build up of resistance by the pathogen. The treatments appeared very effective , raising the prospect of improved crop performance.

Zonal Weed Management

SIRI prepared lists of rank weeds characteristics of the various ecological zones and herbicides recommended in their management. This took into account the principles of integrated weed management while focusing on issues such as the selection of appropriate herbicides for the weed types and timing of application. These lists will be available in the soon to be published update of the Cane Growing Manual.

Biological Control Programme of Sugar Cane Stalk Borer

The main focus of the insect pest management programme remained the biological control of the sugar cane stalk borer. Field establishment of imported parasite *Cotesia flavipes* was encouraging. Internode damage fell to 8.8% in 2013 compared to 19% in 2010; although this was still above the economic damage threshold of 5%, the results showed progress throughout the subsector.

Mechanical Engineering

During the 2012/2013 sugar crop season, the Factory Services Division responded to all requests made by factories and other departments within the Institute. Out-of-crop maintenance was done before the start of the crop at all factories.

A total of 116,554 samples was taken in the core laboratories. An overall average of 93.83 percent testing was achieved at the end of the crop year.

7. FINANCES

The Authority ended the 2012/2013 fiscal year with a deficit of $66.09 million. This represents a 21.50% deterioration of the Sugar Industry Authority operations when a comparison was made with the deficit in 2011/2012 of 54.39 million. The worsening performance occurred primarily due to a reduction of 60.85% of 'Other Income' along with increases in administration expenses such as: Core sampler operations and Field operations of 45.95% and 69.74% respectively.

8. AUDITOR'S REPORT

The accounts of the Sugar Industry Authority were audited by C.R. Hylton & Company and they have stated that in their opinion, the financial statements gave a true and fair view of the financial position of the Authority as at 31st October 2013 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

9. SALARY AND EMOLUMENTS

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

10. The Annual Report of the Sugar Industry Authority is hereby submitted for tabling in the Houses of Parliament in accordance with the provision of Section 16 (2) of the Third Schedule of the Sugar Industry Control Act.

Derrick Kellier, C.D.

Minister of Agriculture,

Labour and Social Security

August 27 , 2015

SUGAR INDUSTRY AUTHORITY

DIRECTORS COMPENSATION (2012/13)

Position of Director	Fees ($)	Motor Vehicle Upkeep/Travelling or Value of Assigned Motor Vehicle ($)	Honoraria ($)	All Other Compensation including Non-Cash Benefits as applicable ($)	Total ($)
Director 1	76,671.70	-	-	-	76,671.70
AIJCFA Representative	56,170.68	-	-	-	56,170.68
Farmer Representative	37,500.00	-	-	-	37,500.00
Union Representative	45,000.00	-	-	-	45,000.00
Pan Caribbean	36,503.01	-	-	-	36,503.01
Director 6	30,000.00	-	-	-	30,000.00
Total	281,845.39	-	-	-	281,845.39

Notes

1. The Executive Chairman is not compensated for attending board meetings.

SUGAR INDUSTRY AUTHORITY

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 ($) (Lunch Allowance)	Non-Cash Benefits ($)	Total ($)
Executive Chairman	2012/13	6,029,448.00	1,507,362.00	140,012.04	-	-	-	7,676,822.04
Dir. of Finance & Administration	2012/13	4,800,000.00	1,200,000.00	140,012.04	-	70,224.00	-	6,210,236.04
Dir. of Research	2012/13	4,700,000.00	1,175,000.00	140,012.04	-	70,224.00	-	6,085,236.04
Real Estate Manager	2012/13	4,000,000.00	1,000,000.00	140,012.04	-	70,224.00	-	5,210,236.04
Mgr., Information & Planning	2012/13	4,500,000.00	1,125,000.00	140,012.04	-	70,224.00	-	5,835,236.04
Agricultural Services Manager	2012/13	5,018,300.00	-	140,012.04	-	67,224.00	-	5,225,536.04
Head, Extension Services	2012/13	4,253,956.00	-	98,000.00	-	68,192.00	-	4,420,148.00
Total		33,301,704.00	6,007,362.00	938,072.24	-	416,312.00	-	40,663,450.24

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.