

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS OF THE
JAMAICA DAIRY DEVELOPMENT BOARD
FOR THE YEAR ENDED MARCH 31, 2011

1. The matter for tabling in the Houses of Parliament is the Annual Report and Audited Financial Statements of the Jamaica Dairy Development Board (JDDDB) for the year ended March 31, 2011. The report is being tabled in accordance with Section 13 (2) of the Jamaica Dairy Development Board Act.

2. OVERVIEW

The Jamaica Dairy Development Board began operations in September 1999 as a project within the Ministry of Agriculture & Fisheries (MOAF). However, it became a Statutory Body in 2009 with enactment of the legislation and assent by the Governor General. The JDDDB envisions creating an internationally competitive milk producing sector, which contributes significantly to enhanced national wealth creation and food security through increased food self-sufficiency, while providing opportunities for sustainable livelihoods for the broad mass of small farmers who constitute the rural sector.

The core functions of the Board, toward the realization of this vision, were outlined by the Minister as follows:

1. Developing a programme for capacity building within the dairy sector;
2. Managing the trade (internal and external) in dairy products;
3. Satisfying the requirements, and protecting the rights of the consumer;
4. Providing policy guidance on matters relating to the dairy sector;
5. Gathering, analysing and disseminating relevant information,
6. Developing programmes to ensure the sustained financial viability of the Dairy Board in the execution of its mandate.

3. INDUSTRY REVIEW

Local Production

In fiscal year 2011, 12.2 million litres of milk were sold. A comparison with the prior year's sale (13.2 million litres) indicates that milk production fell by 7.6 per cent. The reduction was due in part to a lack of operational efficiency by producers and the effects of Tropical Storm Nicole.

4. MAJOR ACTIVITIES OF THE DAIRY BOARD

The major activities of the Board in fiscal year 2011 were the organisational development initiatives undertaken and the designing of the Dairy Sector Revitalization Programme (DSRP).

i. Organisational Development

At the heart of the JDDB's organisational development programme is the formulation of policies to guide the sector's modernisation and competitiveness development efforts. Several policies advocated by the Board in the year 2010 made headway in fiscal year 2011. Of note was the draft Medium-Term Policy Framework for the Cattle Sector that was revised according to comments from the MOAF, which impelled its progress towards ratification. In January 2011, the dairy products cess was implemented and the funds earned were used to finance capacity building activities.

The Board instituted several capacity building initiatives including the provision of loans at 4% interest to dairy sector stakeholders and the administration of the University of the West Indies (UWI) post-graduate study.

ii. Dairy Sector Revitalization Programme

The Dairy Sector Revitalization Programme (DSRP) was designed to engender expansion and increase productivity, profitability, and, generally, competitiveness of the Jamaica dairy industry. The major component of the DSRP was the provision of a concessionary loan facility aimed at providing working capital support for pasture rehabilitation and herd improvement. A total of 43 loans, amounting to \$65.64 million, were disbursed over the existence of the programme. Delinquency issues arose due to a low return on price of the primary produce, as well as uncertainties between creditors and recipients related to the annual renewal of contracts.

Several capacity building projects were also implemented during the review period. Among these activities were the:

- importation of embryos to improve the genetic merit for milk production;
- procurement of equipment (milk component analysis, cryogenic) to improve the competencies and capacity of the milk laboratory at the Bodles Research Station; and
- provision of technical assistance to boost recordkeeping and genetic analysis of animals within the herd.

5. FINANCE

The JDDB ended its 2010-2011 fiscal year with a deficit of \$1.3 million from operations. The Board's net income had declined by \$28.9M (105%) under the prior year. The loss was due a reduction in Government subvention by just under 62%. The Board was, however, able to reduce administrative expenses by \$9.3M to \$25.9M.

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 BDO Chartered Accountants. They have stated that in their opinion, the financial statements gave a true and fair view of the financial position of the Board as at March 31, 2011, and of the financial performance and cash flows of the Board for the year then ended, in accordance with International Financial Reporting Standards.

The Auditors, however, issued a qualified opinion stating that they were unable to satisfy themselves as to the recoverability of long term receivables in the Jamaica Dairy Development Board's records. Additionally, the Auditors were unable to obtain independent confirmation of the balances of long term receivables.

8. The Annual Report and Audited Financial Statements of the Jamaica Dairy Development Board for the year ended March 31, 2011 are hereby submitted to be tabled in the Houses of Parliament in accordance with Section 13 (2) of the Jamaica Dairy Development Board Act.



Derrick Kellier, C.D., M.P.

Minister of Agriculture and Fisheries

File No. 12/1/34

January , 2016

Appendix I

DIRECTORS' COMPENSATION 2011

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	104,500.00				104,500.00
Director 1	44,000.00	39,550.00			83,550.00
Director 2	55,000.00	10,500.00			65,500.00
Director 3	49,500.00				49,500.00
Director 4	49,500.00				49,500.00
Director 5	55,000.00				55,000.00
Director 6	49,500.00				49,500.00
Director 7	38,500.00				38,500.00
Director 8	11,000.00				11,000.00
Director 9	33,000.00				33,000.00
Director 10	16,500.00				16,500.00
Total	506,000.00	50,050.00			556,050.00

Notes

The total allocated figure for Motor vehicle upkeep/travelling paid to Directors and listed above has been included in the Audited Financial Statement of 2011 (Pg. 16) as Staff Cost and included in the amount listed as Other Benefits.

Appendix II

SENIOR EXECUTIVES' COMPENSATION 2011

Position of Senior Executive	Salary (\$)	Gratuity or Performance Incentive (\$)	Travelling Allowance or Value of Assigned Motor Vehicle (\$)	Pension or Other Retirement Benefits (\$)	Acting Allowances (\$)	Non-Cash Benefits (\$)	Total (\$)
* Chief Executive Officer	2,745,750.00	-	597,375.00	-	2,806,825.80	-	3,343,125.00
* Milk Production Specialist (Actg. CEO w.e.f 01/11)	1,817,613.96	-	622,845.00	-	-	-	5,247,284.76
* Project Coordinator	2,700,000.00	-	420,000.00	-	-	-	2,237,613.96
Marketing Economist	1,817,613.96	-	420,000.00	-	-	-	13,948,023.72
Total	9,080,977.92	-	2,060,220.00	-	2,806,825.80	-	13,948,023.72

Notes

* w.e.f: with effect from

* The Chief Executive Officer (CEO) demitted office 01/2011.

* The Milk Production Specialist was appointed Acting CEO in January 2011, hence the number of senior executives was reduced to three persons after that period

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