

MINISTRY PAPER 27/16

PLANNING INSTITUTE OF JAMAICA  
ANNUAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2014

**1.0 INTRODUCTION**

**1.1** The matter for tabling in the Honourable Houses of Parliament is the Annual Report of the Planning Institute of Jamaica (PIOJ) for the year ended December 31, 2014.

**1.2** PIOJ was established on April 9, 1984 as a body corporate under the Planning Institute of Jamaica Act. The Institute is mandated to initiate and co-ordinate plans for the economic, financial, social, cultural and physical development of Jamaica. PIOJ also focuses on the transformation of Jamaica under Vision 2030 through strategies such as monitoring, forecasting and reporting on the economy against targeted objectives.

**2.0 DISCLOSURES**

**2.1 Auditors' Report**

**2.1.1** Ernst and Young (EY), independent auditors of the PIOJ conducted its examination of the entity's financial statements as at December 31, 2014 and gave an unqualified opinion. EY indicated that the audit was conducted in accordance with the International Standards on Auditing. The Auditors reported that the PIOJ's financial statements give a true and fair view of the entity's financial position as at December 31, 2014 and of the financial performance and cash flows of the Institute for the year. The auditors stated that proper accounting records were kept and noted that the financial statements were prepared in accordance with International Financial Reporting Standards.

**2.2 Compensation for Senior Executives**

**2.2.1** Pursuant to the Second Schedule (Part 1) of the Public Bodies Management and Accountability Act, details of the the compensation packages for senior executives, as well as directors are included in the Annual Report. Emoluments paid to eight (8) senior executives totalled \$44.04 million, a decrease of \$7.08 million or 13.85% below the \$51.10 million in the prior year. Individual packages ranged from \$3.08 million to \$10.57 million and accounted for 12.79% of total staff costs (March 2015:15.16%). Directors were paid \$0.42 million for board and committee fees.

**3.0 OPERATIONAL REVIEW**

**3.1 Policy and Planning**

**3.1.2** PIOJ continued to provide timely and appropriate technical advice to government. Accordingly, the Institute (among other things):

1. Provided economic updates and projections, as required by Cabinet and the International Development Partners (IDP).

2. Participated in project monitoring and co-ordination to develop growth initiatives and monitor the implementation of the reforms and strategic investment projects of the Growth Agenda.
3. Undertook oversight and monitoring of timely implementation of the 4-year Extended Fund Facility with the International Monetary Fund, particularly the Growth Initiative component.

## **3.2 Programme/Project Development**

**3.2.1** With respect to PIOJ's continued co-ordination of Official Development Assistance, the Institute had oversight for a portfolio of approximately US\$2,500 million (J\$278,100 million) which are loans, grants and technical assistance from multilateral and bilateral agencies, as well as counterpart resources from government. New funds sourced totalled US\$504.5 million (J\$56,100 million), while disbursements were US\$476.1 million (J\$53,000 million).

**3.2.2** Regarding multilateral financing, PIOJ monitored seventy-four (74) public sector investment projects being financed by the Inter-American Development Bank (IDB), World Bank (WB) and the Caribbean Development Bank (CDB) at a total cost of US\$1,006 million. Of note, PIOJ co-ordinated and participated in the negotiation of four loan contracts with the IDB totalling US\$170 million. The funds are to facilitate continued budget support, as well as efforts/programmes which include the fiscal and public performance management reforms, the Jamaica Competitiveness Enhancement Programme (3<sup>rd</sup> phase), and the Fiscal Structural Programme for Economic Growth. PIOJ was also integral in sourcing assistance totalling US\$250,000 from the IDB to support the Ministry of Health's (MOH) efforts to contain the spread of the Chickungunya virus and to strengthen MOH's surveillance of the Ebola virus. The Foundations for Competitiveness and Growth Programme, funded by the WB (six years -US\$50 million) and aimed at strengthening the business environment for investment, was also launched.

**3.2.3** The European Union (EU), under the GOJ-EU Cooperation Programme remained the largest provider of grant resources to the Government. During the year, four (4) financing agreements and one rider were signed for a total of €52.1 million (J\$9,500 million) for projects targeted at poverty alleviation, debt reduction, governance and oversight of the security and justice systems, as well as development and trade issues.

**3.2.3** Other major accomplishments include the finalisation and approval of Country Strategy (CS) with the EU for €46.0 million (J\$6,700 million); the first CS discussion with China; and the approval of a CS with the WB and CDB for a combined funding envelope of US\$543.8 million.

## **4.0 FINANCIAL HIGHLIGHTS**

### **4.1 Income and Expenditure**

Table 2 shows that revenues declined by \$42.10 million to \$422 million, while costs rose by \$9.36 million to \$454.18 million. Accordingly, PIOJ recorded a net deficit of \$32.18 million (2013: \$19.28 million surplus). Government subvention fell by \$28.32 million and was the greatest contributor to PIOJ's net loss.

**4.1.2** The Institute's operating costs totalled \$454.18 million (2013: \$444.82 million). The additional expenses were attributable chiefly to staff costs and advertising which grew by \$7.12 million and \$4.94 million respectively. Staff costs rose due to incentives, gratuity and separation

payment for vacation outstanding. With respect to advertising, the higher cost reflected the expense to publish the 2012 Jamaica Survey of Living Conditions.

**Table 1 Extract of Financial Statements at December 31, 2014 (J\$ m)**

Particulars:	2013/14	2012/13 (restated)	Variances	
			\$	%
<b>Income</b>				
Government Subvention	392.91	421.23	-28.32	-6.72
Interest Income	1.92	2.68	-0.76	-28.35
Other Income	27.17	40.20	-13.03	-32.41
<b>Total Income</b>	<b>422.00</b>	<b>464.10</b>	<b>-42.10</b>	<b>-9.07</b>
<b>Expenses</b>				
Staff Costs	344.28	337.16	-7.12	-2.11
Property expenses	56.84	56.98	0.14	0.25
Advertising	9.64	4.71	-4.93	-104.67
Depreciation	18.22	15.57	-2.65	-17.02
Other operating expenses	25.20	30.40	1.54	4.88
<b>Total Expenses</b>	<b>454.18</b>	<b>444.82</b>	<b>-9.36</b>	<b>-2.10</b>
<b>Net (Deficit) Surplus</b>	<b>-32.18</b>	<b>19.28</b>	<b>-51.46</b>	<b>-267.32</b>
<b>Other Comprehensive (Loss) Income</b>	<b>-36.57</b>	<b>26.04</b>	<b>-62.61</b>	<b>-240.44</b>
<b>Total Comprehensive (Loss) Income</b>	<b>-68.75</b>	<b>45.32</b>	<b>-114.07</b>	<b>-251.69</b>

## 4.2 Balance Sheet and Cash Flow Highlights

**4.2.1** PIOJ remained solvent and recorded net assets of \$201.86 million (2013: \$270.61 million) at December 31, 2014. However, the Entity's net working capital position was \$15.36 million, a decrease by \$43.60 million attributable mainly to increased amounts owing to projects. In addition, there were reductions of \$11.10 million and \$4.64 million in cash and bank balances as well as receivables/repayments respectively. The decline in cash and bank balances resulted notwithstanding receipt of capital grant amounting to \$52.84 million. This occurred chiefly due to a shortfall of \$6.20 million in cash flows from operations (2013: deficit \$25.99 million) and outflows for acquisition of fixed assets (\$59.75 million).

## 5.0 CONCLUSION

**5.1** PIOJ remained committed to providing sound policy advice to the GOJ on social, economic and environmental issues, with a view to achieving national sustainable development. The Institute continued to pursue its mandate against the background of difficult economic conditions and the Government's efforts to identify viable solutions for the way forward.



Peter D. Phillips, PhD MP  
Minister of Finance and Planning  
December 7<sup>th</sup>, 2015