

**ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS OF THE
JAMAICA DAIRY DEVELOPMENT BOARD
FOR THE YEAR ENDED MARCH 31, 2012**

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, 2012. This report will be tabled in accordance with the provisions of 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 (MOA). However, it became a Statutory Body in 2009 with legislation enactment 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.

3. STATUS OF ANNUAL REPORTS

The Board recognises that it is not compliant in filing its Annual Reports and Audited Financial Statements since 2009. In 2013, the Auditor General's Department was approached to approve the utilization of the services of external auditors. However, without an accountant on the Board's establishment, accounting services has had to be shared with the Accounting Department of the Ministry of Industry, Commerce, Agriculture and Fisheries. This has resulted in the delayed preparation and presentation of accounting schedules to the independent auditors and consequent backlog of annual reports.

The Board has indicated that they will complete and forward to the Ministry the annual reports for 2013-2014 and 2014-2015 by December 2016.

4. INDUSTRY REVIEW

A total of 12.5 million litres of milk were sold during the 2011-2012 review period (see Table 1 below). Milk production in fiscal year 2011-2012 rose by 2.67 per cent (324,881 litres) above that of the previous year resulting from continued efforts towards increasing efficiency levels.

Table 1.
Quarterly & Annual Milk Purchases (Litres) for fiscal years 2009/10-2011/12

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Year Total
2009-'10	3,487,849	3,384,063	3,155,981	3,139,224	13,167,117
2010-'11	3,282,954	3,023,465	2,795,237	3,052,339	12,154,035
2011-'12	3,233,352	3,124,953	3,017,962	3,102,649	12,478,916

5. MAJOR ACTIVITIES OF THE DAIRY BOARD

The major activities of the Board in fiscal year 2011-2012 were the organisational development initiatives and the Dairy Sector Revitalization Programme (DSRP).

i. Organisational Development

The chief activities among the organisational development policies were the draft Cabinet Submission for the Rationalization of School Feeding Programme and the draft Medium-Term Policy Framework for the Cattle Sector. The latter document, however, had to be reformatted to the Ministry of Agriculture and Fisheries (MOAF) guidelines, which delayed its implementation. In addition, the dairy products cess, effected in January 2011, generated a total of \$32.074 million and was used for the financing of capacity building activities.

As a result of the cess financing and other commitments, the Board instituted several capacity building initiatives, including the provision of loans at an interest rate of four percent (4%) to dairy sector stakeholders and the training of livestock extension officers of the Rural Agricultural Development Authority (RADA).

ii. Dairy Sector Revitalization Programme

The Dairy Sector Revitalization Programme (DSRP) was designed to stimulate improved milk production, increase profitability and stimulate competitiveness among dairy units within Jamaica's dairy sub-sector. This is consistent with the goal of increased milk production. The major component of the DSRP has been a concessionary loan facility aimed at providing working capital support for pasture rehabilitation and herd improvement. Thus far, loans totalling approximately \$65.3 million have been made available to 44 dairy and beef farmers.

6. FINANCE

The JDDDB ended its 2011-2012 fiscal year with a surplus of \$35.49 million. The Board's net income represented an increase of \$36.8M over the prior year. The increase was due in part to revenues generated from the dairy products cess, amounting to \$32.1M; a 1.98% (\$475,656) rise in Government subvention; and a \$4.87M reduction in expenses related to administration and operations.

7. SALARIES AND EMOLUMENTS

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

8. 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, 2012, 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 receivables balances.

9. The Annual Report and Audited Financial Statements of the Jamaica Dairy Development Board for the year ended March 31, 2012 are hereby submitted to be tabled in the Houses of Parliament in accordance with the provisions of Section 13 (2) of the Jamaica Dairy Development Board Act.



Karl Samuda, C.D., M.P

Minister of Industry, Commerce, Agriculture and Fisheries

December 21, 2016

DIRECTORS' COMPENSATION 2011-2012

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	28,500.00	19,110.00	-	-	47,610.00
Board Member 1	38,000.00	-	-	-	38,000.00
Board Member 2	38,500.00	-	-	-	38,500.00
Board Member 3	16,500.00	-	-	-	16,500.00
Board Member 4	11,000.00	-	-	-	11,000.00
Board Member 5	27,500.00	9,170.00	-	-	36,670.00
Board Member 6	16,500.00	-	-	-	16,500.00
Board Member 7	22,000.00	-	-	-	22,000.00
Board Member 8	-	-	-	-	0.00
Board Member 9	38,500.00	4,900.00	-	-	43,400.00
Board Member 10	5,500.00	-	-	-	5,500.00
Board Member 11	5,500.00	-	-	-	5,500.00
Board Member 12	33,000.00	-	-	-	33,000.00
Total	281,000.00	33,180.00	-	-	314,180.00

Notes:

1. The total allocated figure for Motor vehicle upkeep/travelling paid to Directors and listed above has been included in the Audited Financial Statements of 2012 (Pg.16) as Staff Cost and included in the amount listed as Other Benefits.
2. Board member fees are paid on a cash basis for each particular year, however, JDBB's audited financial statements are done on an accrual basis, meaning what is charged to the profit and loss is the total cost for the year. Therefore the difference (\$27,680.00) in the figures reflected above and that stated on Page 19 of the Audited Financial Statements is as a result of a "difference in audited figures due to compliance with the accruals concept."

Appendix II

SENIOR EXECUTIVES' COMPENSATION 2011-2012

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 (\$)
w.e.f. 01/11)*	3,661,000.00	915,250.00	792,000.00	-	-	-	5,368,250.00
Project Coordinator	2,700,000.00	675,000.00	420,000.00	-	-	-	3,795,000.00
Marketing Economist	1817613.96	451798.49	420000	-	-	-	2,689,412.45
TOTAL	8,178,613.96	2,042,048.49	1,632,000.00	-	-	-	9,163,250.00

Notes

1. w.e.f. : with effect from
2. The Milk Production Specialist was appointed Acting Chief Executive Officer in January 2011; hence the number of senior executives was reduced to three (3) persons after that period.

