

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS OF THE JAMAICA

DAIRY DEVELOPMENT BOARD

FOR THE YEAR ENDED MARCH 31, 2013

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, 2013. This report is being 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 with the enactment of legislation in 2009. 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. However, kindly note that the Board has recently delivered its Annual reports for the year ended March 31, 2014 and 2015 to the Ministry. These reports are currently being processed and will be submitted shortly.

**4. INDUSTRY REVIEW**

A total of 12.8 million liters of milk was sold during the 2012-2013 review period (see Table 1 below). Milk production in fiscal year 2012-2013 rose by 2.97 per cent (370,766 litres) above that of the previous year. This resulted from the Board's continued efforts towards increasing efficiency levels in the sector.

**Table 1.**  
**Quarterly & Annual Milk Purchases (Litres) for fiscal years 2010/11-2012/13**

	<b>Apr-Jun</b>	<b>Jul-Sep</b>	<b>Oct-Dec</b>	<b>Jan-Mar</b>	<b>Year Total</b>
<b>2010-'11</b>	3,282,954	3,023,465	2,795,237	3,052,339	12,154,035
<b>2011-'12</b>	3,233,352	3,124,953	3,017,962	3,102,649	12,478,916
<b>2012-'13</b>	3,558,521	3,172,514	3,234,576	2,884,071	12,849,682

**5. MAJOR ACTIVITIES OF THE DAIRY BOARD**

The major activities of the Board in fiscal year 2012-2013 were the organisational development initiatives, imported embryo/embryo transfer activities and the Dairy Sector Revitalization Programme (DSRP).

**Organisational Development Programmes**

The Organizational Development programmes were designed to give technical assistance to farmers and to enhance the expansion of production and markets of the dairy sub-sector.

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 2012, generated a total of \$54.290 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).

### **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 \$69.4 million have been made available to 53 dairy and beef farmers.

### **iii. Imported Embryo/Embryo Transfer Activities**

The objectives of the Imported Embryo/Embryo Transfer Activities are two-fold:

- To develop local competence in embryo development techniques.
- To utilize the technique to augment the process of expanding the dairy cattle population in Jamaica through greater distribution of animals with improved genetic merit.

Forty-five (45) of the Fifty (50) Jersey embryos, which were previously acquired by the Dairy Board, were implanted as at March 2013 resulting in 16 live births; a success rate of approximately 35%. The international standard rate of embryo transfer success ranges from 40% to 50%. The expectation is that within 2013/2014 fiscal period, all the embryos would have been implanted.

## **6. FINANCE**

The JDDDB ended its 2012-2013 fiscal year with a surplus of \$52.65 million. The Board's surplus represented an increase of \$17.16M over the prior year. The increase was due in part to revenues generated from the dairy products cess, amounting to \$54.3M (reflecting an increase of 69.27% over the previous year); and a 5.88% (\$1,433,335) rise in Government subvention.

## **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, 2013, 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 for receivables.

9. The Annual Report and Audited Financial Statements of the Jamaica Dairy Development Board for the year ended March 31, 2013 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

February 28 , 2017

Appendix I

**DIRECTORS' COMPENSATION 2012-2013**

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	114,000.00	-	-	-	114,000.00
Board Member 1	55,000.00	-	-	-	55,000.00
Board Member 2	55,000.00	-	-	-	55,000.00
Board Member 3	11,000.00	-	-	-	11,000.00
Board Member 4	27,500.00	-	-	-	27,500.00
Board Member 5	33,000.00	-	-	-	33,000.00
Board Member 6	27,500.00	-	-	#VALUE!	#VALUE!
Board Member 7	22,000.00	-	-	-	22,000.00
Board Member 8	11,000.00	-	-	-	11,000.00
Board Member 9	22,000.00	-	-	-	22,000.00
Board Member 10	44,000.00	-	-	-	44,000.00
Board Member 11	38,500.00	-	-	-	38,500.00
Board Member 12	-	-	-	-	0.00
<b>Total</b>	<b>460,500.00</b>				<b>#VALUE!</b>

**Notes:**

1. The total allocated figure for Motor vehicle upkeep/travelling paid to Directors and listed above has been included in the Audited Financial Statement 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, JDDB'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 2012-2013**

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 (\$)
Milk Production Specialist (Actg CEO w.e.f. 01/11)*	3,600,894.88	900,223.72	796,500.00	-	-	-	5,297,618.60
Project Coordinator	2,700,000.00		420,000.00	-	-	-	3,120,000.00
Marketing Economist	1817613.96		420000				2,237,613.96
<b>TOTAL</b>	<b>8,118,508.84</b>	<b>900,223.72</b>	<b>1,636,500.00</b>				<b>10,655,232.56</b>

**Notes**

1. w.e.f. : with effect from
2. The Milk Production Specialist was appointed Acting Chief Executive Officer in January 2011.

