

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR

THE COCONUT INDUSTRY BOARD

FOR THE YEAR ENDED DECEMBER 31, 2015

The matter for tabling in the Houses of Parliament is the Annual Report and Audited Financial Statements of the Coconut Industry Board for the year ended December 31, 2015. This report is being tabled in Parliament in accordance with the provisions of Section 27 of the Coconut Industry Control Act.

2. BOARD PROFILE

The Coconut Industry Board was established under the Coconut Industry Control Act, Cap. 62, enacted in 1945. The Board consists of nine members. The Minister of Industry, Commerce, Agriculture and Fisheries appoints four members, which includes the Chairman. Registered coconut growers elect the remaining five and must themselves be registered coconut growers; or the attorneys for such registered coconut growers; or the managing director of the companies that are registered coconut growers.

The Board promotes the interests and efficiency of the coconut industry, encourages the production of coconuts and regulates the purchase, sale and exportation of coconuts as well as the importation of the coconut products.

Allied functions are:

- a) Keeping Government informed on the state of the industry and advising the Government when any action is necessary.
- b) Arranging for the issuing of licenses to manufacturers of the coconut products.
- c) Arranging insurance of coconut trees against damage by windstorm.
- d) Assisting growers to market their crop
- e) Carrying-out research on the agricultural problems of the industry and advising growers on their agricultural problems.

3. ASSISTANCE PROVIDED TO COCONUT FARMERS

The Board continued to encourage farmers to plant coconut seedlings under the two planting Programmes. Under the Old Planting Programme, weed control grant and fertilizer for 80% of the seedlings planted (the percentage which is expected to survive) are given free of cost to qualified farmers.

The old programme covers St. Thomas, Portland, St. Ann and St. Catherine, the traditional coconut growing areas. Planting under the New Planting Programme, which covers the non-traditional coconut growing areas (the western region of the island), also continued during the year. To qualify under the programmes, a farmer must be registered with the Board as well as have land that can accommodate at least 125 coconut seedlings. The demand for seedlings exceeded the supply in year 2015. For the period under review, coconut seedlings totalling 50,298 (costing of \$4.7M), fertilizer and weed grants (valued at \$0.785M) were distributed to coconut farmers under the two planting programmes.

Windstorm Insurance

i. Liability

The Fund continued to indemnify coconut growers against loss of bearing coconut trees to windstorm. The liability for windstorm insurance damage during year 2015 was \$71,056,179 (year 2014 - \$68,811,572); the maximum coverage per tree remained at \$1,000.

The finances of the Windstorm Insurance Fund are kept separately from the funds of the Board and are treated as Trustee Funds.

ii. Automatic Insurance and Voting Rights

Provided all sales are reported to the Board, coconut growers earn automatic insurance and voting rights for the election of Board members based on coconuts sold to the Coconut Industry Board. Licensed coconut dealers including bottlers of coconut water are also granted this opportunity. It is therefore in their best interest to ensure all coconuts sold by them are reported to the Board.

Automatic insurance is earned at the rate of J\$65 for every 110 dry or jelly coconuts sold to the entities mentioned above.

iii. Contractual Insurance

Registered coconut growers can purchase contractual insurance from the Board for their properties whether or not they supply coconuts to the Board or to licensed coconut dealers.

This information is always given during the Annual Meeting of Coconut Growers, but in spite of this, growers continue to express dissatisfaction after a hurricane if they do not receive benefits.

Appeals are constantly being made to coconut growers to make provisions for insuring their coconut trees against windstorm damage. However, the amount of insurance coverage a grower is likely to earn by way of automatic insurance alone will never be adequate.

4. INDUSTRY PROFILE

Most properties experienced a reduction in the size of the nuts during the year 2015. The main cause cited was drought, coupled with other unfavourable weather conditions that are not conducive to the growth and production of coconuts. It was also reported that small pockets of fire combined with the failure of many growers to fertilize their coconuts contributed to the outcome.

The number of hectares in coconuts as at the 31st December, 2015 was calculated as 15,989 (31/12/14 – 15,857). The number of hectares bearing at the same date was calculated as 14,287 (31/12/14).

As at December 31, 2015, the total coconut tree population was calculated as 3,549,588 (31/12/14 – 3,520,347). Of that number, 3,254,258 or 91.68% were seven years old and over (31/12/14 – 3,215,076 or 91.33%) and should have been in full bearing, but due to unfavourable weather conditions and inapt agronomic practices, some plants were not bearing.

Coconut is essentially a small holder's crop as the majority of coconut farms are less than 10 hectares.

5. PRODUCTION

Coconut production in 2015 was calculated at 99.2 million nuts (year 2014 adjusted due to drought conditions – 80.8 million), which reflects an increase of 18.4 million or 22.77% over the previous year. The value of the production was calculated at \$3.72 billion, as the average price paid by the Board for the Maypan and Malayan Dwarf jelly coconuts was \$37.50 per nut.

Production during this period was again adversely affected by improper agronomic practices and further deaths of bearing coconut trees from lethal yellowing and other diseases.

6. DISPOSAL

The majority of production for 2015 was processed and/or distributed by bottlers of jelly coconut water, the Coconut Industry Board, street vendors, supermarkets and the producers of coconut oil.

The portion of the crop, which was processed and sold to and through the channels of the Board during the year 2015 and the four preceding years, are as follows:

Year	N		U		T		S	
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>TOTAL</u>		
	<u>'000</u>	<u>'000</u>	<u>'000</u>	<u>'000</u>	<u>'000</u>	<u>'000</u>	<u>'000</u>	
St. Andrew	1	4	12	-	-	17		
St. Elizabeth	103	105	113	191	30	542		
St. Thomas	137	121	77	125	140	600		
Portland	54	68	73	90	91	376		
St. Mary	651	874	852	717	575	3669		
St. Ann	-	-	-	-	3	3		
St. Catherine	135	49	-	6	2	192		
TOTAL	1,081	1,221	1,127	1,129	841	5,399		

7. EXPORT

Seed coconuts were exported to the United States of America and Bahamas. The total number of seed coconuts exported in 2015 was 47,850 at a F. O.B. value of US\$149,100.

Export of seed coconuts during the preceding four years and year ended 31st December, 2015 are as follows:

<u>Year</u>	<u>Number Exported</u>	<u>F.O.B. Value (US\$)</u>
2015	47,850	149,100
2014	52,200	169,050
2013	21,000	64,600
2012	30,000	95,500
2011	41,000	92,655
Total	192,050	570,905

8. RESEARCH

The Research Department continues to work towards the maintenance and improvement of the coconut industry in Jamaica, through constant monitoring and review of prevailing cultural practices, available germplasm and disease control interventions.

Botany/Plant Breeding

The Botanist/Plant Breeder continued to search for high yielding disease resistant varieties of coconut during year 2015. Hybridization activities were conducted at the Barton Isles Seed Garden in St. Elizabeth and the Esher Seed Garden in St. Mary.

The following activities continued during the year:

i. **Monitoring of the Brazil Green Dwarf and its Hybrids (Brapan and Maybraz) for their Potential to Increase Local Coconut Production**

A total of 66,962 Brapan (Brazil Green Dwarf x Panama Tall) and 1,846 Maybraz (Malayan Yellow Dwarf x Brazil Green Dwarf) seednuts have been produced to date (with 5,850 Brapan reaped during year 2015). The Brapan has exhibited favourable characteristics to date (comparable to the Maypan), and is being distributed to farmers.

ii. **Introduced varieties not previously tested in Jamaica**

The Board received 101 coconuts of a Tall variety as a gift from the Government of Thailand. These were set at Barton Isles, St. Elizabeth, of which 73 germinated. These were planted in the field gene banks in order to assess their resistance/susceptibility to lethal yellowing disease, and a few were planted at the Hope Botanical Gardens.

iii. **Assessment of Seednut and Seedling production in the Board's Nurseries**

In 2015, a total of 177,393 seednuts were set in nurseries from which 56,698 seedlings were delivered to farmers. Hybrid seednut production at the two seed gardens was 162,237. Overall germination at nurseries was 38.9% (ranging from 27.8% at Orange River to 51.2% at Barton Isles). The drought conditions experienced during the year affected the quality and quantity of seednuts obtained as well as germination time and final seedling yield.

Plant Pathology and Molecular Biology

i. **Bark Beetle**

The Ambrosia Beetle, *Xyleborus ferrugineus*, was first discovered on coconuts at a farm in Clarendon, and has since been observed in eleven areas spanning five parishes during year 2015. This pest has infested the tree trunks, dry and jelly coconuts, and is associated with fungi found on dry coconuts (*Nectria sp*) and the coconut trunk (*Fusarium sp*).

Successful implementation of the control measures resulted in a decrease in the infestation in all the affected areas. New surveys are being conducted which will indicate the spread of the infestations in all the coconut-growing areas.

A short paper titled "Bark Beetle" was written and published in The Agriculturalist and the Daily Gleaner. In addition, newsletters and posters were also distributed to farmers and placed in rural communities by the Board. The Ministry of Industry, Commerce, Agriculture & Fisheries, Rural Agricultural Development Authority (RADA) and Forestry Department were also informed about the beetle infestation.

ii. **Monitoring of Lethal Yellowing Disease**

The monitoring of incidences of lethal yellowing disease and its spread island-wide continued with special emphasis on the outbreaks in east and west Portland. Additional surveys were conducted on selected farmers' holdings, along

with an assessment of the impact related to information given to farmers on the important aspects of the disease. Activities also included the collection of seednuts from the visually uninfected coconuts trees in lethal yellowing infected fields.

iii. **Control of Lethal Yellowing Disease on a Farm in St. Thomas**

Exemplary control of lethal yellowing disease has been exerted at Michael Black Farms in Nutts River, St. Thomas, by the practice of strict sanitation (prompt felling and burning of diseased palms) followed by immediate replanting referred to as 'the Michael Black Approach'. Data collected were analyzed for the continued validation of this practice.

During the years 2013, 2014 and 2015 the coconut trees infected with lethal yellowing disease on this farm were 36, 65 and 31 respectively.

Coconut Tissue Culture

The Board in collaboration with the University of the West Indies (UWI) continues to establish protocols for the culture of elite germplasm.

The project has two main objectives:

- 1) The development of a reliable embryo culture protocol, for the culture of extracted embryos into mature plants
- 2) The development of a somatic embryogenesis protocol to enable the rapid multiplication of a desired cultivar

Embryos placed in culture during year 2015 displayed varying germination rates; maximum 80% germination. Germinated embryos were kept in embryo culture or used to produce explants for callus culture.

9. **ADVISORY**

Throughout year 2015, the Advisory Department continued its annual mandate to effectively achieve the goals of the Research Department. The Advisory Officers worked relentlessly to communicate information as well as offer technical support and act as a liaison between the Coconut Industry Board and new and existing coconut growers island-wide as well as the public.

The lethal yellowing (LY) sensitization programme continued and was used as a means of informing and educating growers and other individuals of the spread of LY disease and the measures that can be employed to restrict its spread. Officers of the department were also very active in assisting growers to remove and burn over 3,598 diseased trees and in providing growers with seedlings for replacement.

During year 2015, public awareness, education and outreach activities continued in areas of the island where the LY disease was active. These were accomplished mainly by conducting regular farm visits, field days, staging of displays at agricultural shows and various commodity boards' expositions along with Schools' Open Days, community meetings and other group assemblies. These initiatives were achieved by the use of different forms of communication including multimedia presentations, displays, 4-H Achievement Days, brochures, practical demonstrations and 'one-on-one' discussions.

10. **FINANCE**

For year ended 2015, the Board reported revenue of \$132,548,000 compared to 2014 for which they earned \$126,967,000. This represents an increase of \$5,581,000 or 4.4%. Though revenue increased, the net surplus decreased to \$74,690,000 in 2015 from \$197,571,000 in the previous year. This reflects a decrease of \$122,881,000 or 62.20%.

This difference was observed to be primarily as a result of the Board receiving a lower share of profits from an associated company compared to the previous year (\$182,567,000 in 2015 versus \$283,386,000 in 2014).

11. **AUDITORS' REPORT**

PricewaterhouseCoopers audited the accounts and 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 December 31, 2015. The auditors furthermore reported that the cash flows for the year ended December 31, 2015 are in accordance with the International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

12. **REMUNERATION**

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

13. The 2015 Annual Report and Audited Financial Statements of the Coconut industry Board are hereby submitted to be tabled in the Houses of Parliament in accordance with the provisions of Section 27 of the Coconut Industry Control Act.



Karl Samuda CD, MP.

Minister of Industry, Commerce, Agriculture & Fisheries

March 7 , 2017

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 (\$)
Board Chairman	199,000.00	234,264.80		120,000.00	553,264.80
Board Member 2	96,000.00	50,973.12			146,973.12
Board Member 3	90,000.00	90,104.00			180,104.00
Board Member 4	15,000.00	13,664.00			28,664.00
Board Member 5	127,000.00	58,072.00			185,072.00
Board Member 6	155,500.00	64,904.00			220,404.00
Board Member 7	100,500.00	44,408.00			144,908.00
Board Member 8	134,000.00	61,488.00			195,488.00
Board Member 9	134,000.00	115,976.72			249,976.72
Board Member 10	65,750.00	20,496.00			86,246.00
Total	1,116,750.00	754,350.64		120,000.00	1,991,100.64

Notes

1. The column labelled "All Other Compensation including Non-Cash Benefits as applicable" represents the Chairman's out-of-pocket expenses for the year.
2. During June 2015, a board member was appointed by the Minister of Industry, Commerce, Agriculture & Fisheries to fill a vacancy created by the resignation of another board member that year.

SENIOR EXECUTIVE COMPENSATION

Position of Senior Executive	Year	Salary (\$)	Gratuity or Performance Incentive (\$)	Traveling Allowance or Value of Assigned Motor Vehicle (\$)	Pension or Other Retirement Benefits (\$)	Other Allowances (\$)	Non-Cash Benefits (\$)	Total (\$)
General Manager	2015	6,210,927.00	701,577.00			757,703.00	99,833.00	7,770,040.00
Director of Research	2015	4,055,814.00	458,138.00			462,421.00	120,000.00	5,096,373.00
Corporate Secretary	2015	3,142,127.00	345,538.00			348,768.00	98,000.00	3,934,433.00
Total		13,408,868.00	1,505,253.00			1,568,892.00	317,833.00	16,800,846.00

Notes

1. The column labelled "Gratuity" represents amounts paid which were approved by the Board.
2. "Other Allowances" represents travelling allowances paid to the executive staff.
3. "Non-Cash Benefits" represents motor vehicle allowance for the executive staff

