

MINISTRY PAPER # 8/9
ANNUAL REPORT OF THE ALL-ISLAND JAMAICA CANE FARMERS'
ASSOCIATION FOR THE YEAR ENDED SEPTEMBER 30, 2016

The matter for tabling in the Houses of Parliament is the Annual Report of the All-Island Jamaica Cane Farmers' Association for 2016 with the audited financial statements for the year ended September 30, 2016. This report is being tabled in accordance with the provisions of section 15 of The Sugar Cane Farmers (Incorporation and Cess) Act.

2. BACKGROUND

The All-Island Jamaica Cane Farmers' Association (AIJCFA) was incorporated under The Sugar Cane Farmers (Incorporated and Cess) Act on December 25, 1941. The Committee of Management runs the Association. All registered cane farmers are members of the Association and they pay a cess on each tonne of cane, which they deliver to a factory.

The main objectives of the All-Island Jamaica Cane Farmers' Association are:

- To promote the growing of cane by cane farmers and the expansion of the cane farming industry
- The preparation of and the settling of terms for cane farmers' contracts with sugar factories and aiding in the settlement of any dispute which may arise
- To buy and sell fertilizer and agricultural implements for the benefit of its members
- Make representation to the Government on any matter affecting the interest of cane farmers.

3. CANE PRODUCTION

A total of 1,127,058 tonnes of cane was harvested from 21,964 hectares, averaging approximately 51 tonnes of cane per hectare. The period recorded a decrease of 445,309 tonnes or 28% when compared to the previous crop. Of the total harvest, farmers supplied 542,410 tonnes (48.13%), whilst the estates supplied 584,648 tonnes (51.87%).

| Cane Production for Farmers and Estates for the 2015/2016 Crop Year | | | |
|--|-------------------------|-------------------------|------------------------------|
| Factory Area | Farmers (Tonnes) | Estates (Tonnes) | <u>Total (Tonnes)</u> |
| Appleton | 712 | 16,474 | 17,186 |
| Everglades | 58,998 | 41,673 | 100,671 |
| Frome | 166,037 | 225,948 | 391,985 |
| Golden Grove | 101,840 | 65,226 | 167,066 |
| Monymusk | 110,467 | 134,903 | 245,370 |
| Worthy Park | 104,356 | 100,424 | 204,780 |
| Total | 542,410 | 584,648 | 1,127,058 |

4. PLANTING

The expansion in cane planting for the crop-year ending September 30, 2016, amounted to 807 hectares. This represents 3.78% of the 21,336 hectares reaped, which is below the desired industry standard of 16% per year. Farmers planted a total of 448 hectares, which was 41% less than the previous year. Estates planted 359 hectares; this figure is significantly lower than that of the previous year as it represented a decrease of 86%. The low planting was attributed to a lack of funding from the Cane Expansion Fund (CEF).

FACTORY REPORT

The year was very challenging for the sugar industry. However, it was particularly difficult for the farmers supplying the Appleton factory, which did not process due to closure in December 2015. The factory was ordered closed after an injunction was filed in the courts by Algix Fish Farms against Appleton Factory.

The sugar industry produced 82,855 tonnes of 96⁰ sugar from 1,120,062 tonnes of sugar cane for the 2015/16 crop. This production figure highlighted a decline of approximately 19,634 tonnes of sugar and 200,958 tonnes of sugar cane respectively, when compared to the 2014/15 crop.

Listed below are comparative statistics indicating the performance of the operating factories over the review period:

| FACTORY | LENGTH OF CROP (days) | CANE GROUND (tonnes) | 96⁰ SUGAR PRODUCED (tonnes) |
|---------------------|------------------------------|-----------------------------|---|
| Everglades | 107 | 62,747 | 3,027 |
| Frome | 145 | 398,517 | 27,507 |
| Golden Grove | 175 | 166,224 | 11,282 |
| Monymusk | 121 | 242,165 | 16,985 |
| Worthy Park | 186 | 252,849 | 24,054 |

5. ROAD AND WORKS

Twenty four million dollars was allocated by the Sugar Industry Authority (SIA) to be shared between all factory areas to effect road and infrastructure works. However, the amount allotted was deemed inadequate, as some cane roads remained in a deplorable condition.

| Factory Area | Amount Allocated for the Year (\$) |
|--------------|---------------------------------------|
| Appleton | 4,824,000 |
| Everglades | 1,992,000 |
| Frome | 5,856,000 |
| Golden Grove | 2,856,000 |
| Monymusk | 3,528,000 |
| Worthy Park | 4,944,000 |
| Total | 24,000,000 |

6. FINANCE

The Association recorded a net deficit of \$9,876,640 for the review period. This figure represents a reduction of \$56,427,227 from the surplus of \$46,550,587 earned in the previous year.

7. RENUMERATION

The emoluments of the Committee of Management and Senior Executives for the 2015/16 year are included at appendices I and II.

8. AUDITORS' REPORT

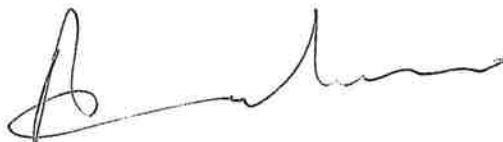
DGS Chartered Accountants & Business Advisors audited the Financial Statements. They have stated that the treatment of the defined benefit scheme is not in accordance with the International Financial Reporting Standard (IFRS) as there was no actuarial valuation done to determine information such as present value of defined benefit.

The auditors have expressed their opinion, that except for the possible effects of the preceding paragraph, the financial statements gave a true and fair view of the Association's financial position as at September 30, 2016. They have stated that the Association's financial performance, changes in reserves and its cash flows for the year then ended, are in accordance with IFRS.

Emphasis of Matter

In forming their opinion on the Association's financial statements, the auditors considered the adequacy of the disclosure concerning the Association's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Association is unable to continue as a going concern.

9. The Annual Report of the All-Island Jamaica Cane Farmers' Association for the year 2016 is hereby submitted to be tabled in the Houses of Parliament in accordance with section 15 of The Sugar Cane Farmers (Incorporation and Cess) Act.

A handwritten signature in black ink, appearing to read 'Audley Shaw', written in a cursive style.

Audley Shaw CD, MP.

Minister of Industry, Commerce, Agriculture and Fisheries

January 28, 2019

ALL-ISLAND JAMAICA CANE FARMERS' ASSOCIATION

COMMITTEE OF MANAGEMENT COMPENSATION (October 1, 2015-September 30, 2016)

| Position of Director | Fees (\$) | Motor Vehicle Upkeep/Travelling or Value of Assigned Motor Vehicle (\$) | Honoraria (\$) | Loan | All Other Compensation including Non-Cash Benefits as applicable (\$) | Total (\$) |
|----------------------------|-----------|---|---------------------|-------------------|---|---------------------|
| Chairman | - | 480,000.00 | 2,304,000.00 | 665,340.93 | - | 3,449,340.93 |
| Vice-Chairman | - | 480,000.00 | 864,000.00 | - | - | 1,344,000.00 |
| Finance Committee Chairman | - | 480,000.00 | 540,000.00 | - | - | 1,020,000.00 |
| Member 1 | - | 31,396.00 | - | - | - | 31,396.00 |
| Member 2 | - | 5,600.00 | - | - | - | 5,600.00 |
| Member 3 | - | 5,600.00 | - | - | - | 5,600.00 |
| Member 4 | - | 100,204.00 | - | - | - | 100,204.00 |
| Member 5 | - | 30,800.00 | - | - | - | 30,800.00 |
| Member 6 | - | 28,610.00 | - | - | - | 28,610.00 |
| Member 7 | - | 21,432.00 | - | - | - | 21,432.00 |
| Member 8 | - | 26,320.00 | - | - | - | 26,320.00 |
| Member 9 | - | 85,540.00 | - | - | - | 85,540.00 |
| Member 10 | - | 3,760.00 | - | - | - | 3,760.00 |
| Member 11 | - | 31,700.00 | - | - | - | 31,700.00 |
| Member 12 | - | 6,204.00 | - | - | - | 6,204.00 |
| Member 13 | - | 5,076.00 | - | - | - | 5,076.00 |
| Member 14 | - | 184,052.00 | - | - | - | 184,052.00 |
| Member 15 | - | 33,600.00 | - | - | - | 33,600.00 |
| Member 16 | - | 73,320.00 | - | - | - | 73,320.00 |
| Member 17 | - | 13,254.00 | - | - | - | 13,254.00 |
| Member 18 | - | 66,352.00 | - | - | - | 66,352.00 |
| Member 19 | - | 150,588.00 | - | - | - | 150,588.00 |
| Total | - | 2,343,408.00 | 3,708,000.00 | 665,340.93 | - | 6,716,748.93 |

**ALL-ISLAND JAMAICA CANE FARMERS' ASSOCIATION
SENIOR EXECUTIVE COMPENSATION**

| Position of Senior Executive | Year | Salary (\$) | Gratuity or Performance Incentive (\$) | Traveling Allowance or Value of Assigned Motor Vehicle (\$) | Pay in Lieu of Notice (Gross) | Unkeep in Lieu of Notice | Vacation Pay (Gross) | Pension or Other Retirement Benefits (\$) | Other Allowances (\$) | Non-Cash Benefits (\$) | Total (\$) |
|------------------------------|----------------------|----------------------|--|---|-------------------------------|--------------------------|----------------------|---|-----------------------|------------------------|----------------------|
| Secretary/Manager | Oct. 2015-Jun. 2016 | 3,089,285.71 | - | 1,449,507.39 | 375,000.00 | 81,310.00 | 339,285.71 | - | - | - | 5,334,388.81 |
| Acting Secretary/Manager | Jun. -Sept. 2016 | 1,351,893.94 | - | 288,905.68 | - | - | - | - | - | - | 1,640,799.62 |
| Chief Accountant | Oct. 2015-Jun. 2016 | 2,611,476.19 | - | 985,317.87 | 317,000.00 | 42,875.00 | 286,809.52 | - | - | - | 4,243,478.58 |
| Acting Chief Accountant | Jun. -Sept. 2016 | 1,195,954.55 | - | 169,435.68 | - | - | - | - | - | - | 1,365,390.23 |
| Administrative Manager | Oct. 2015-Sept. 2016 | 2,800,000.00 | - | 800,554.79 | - | - | - | - | - | - | 3,600,554.79 |
| Head of Extension | Oct. 2015-Jun. 2016 | 2,399,621.21 | - | 1,024,144.32 | - | - | - | - | - | - | 3,423,765.53 |
| Acting Head of Extension | Jun. -Sept. 2016 | 1,006,060.61 | - | 495,795.68 | - | - | - | - | - | - | 1,501,856.29 |
| Total | | 14,454,292.21 | - | 5,213,661.41 | 692,000.00 | 124,185.00 | 626,095.23 | - | - | - | 21,110,233.85 |

Notes

