

ANNUAL REPORT OF THE COCONUT INDUSTRY BOARD
FOR THE YEAR ENDED DECEMBER 31, 2017

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, 2017. 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 the insurance of coconut trees against damage by wind storm.
- c) Assisting growers to market their crop.
- d) Conducting research on the agricultural problems facing the industry and providing suitable advice to farmers.

3. PRODUCTION AND DISPOSAL

Coconut production in 2017 totalled 126.3 million nuts with a value of \$5.68 billion (year 2016 adjusted due to drought conditions – 100.1 million). The average price paid by the Board for the Maypan and Malayan Dwarf jelly coconuts was \$45.00 per nut. Production during this period was adversely affected by improper agronomic practices, lack of fertilizer and deaths of bearing coconut trees from lethal yellowing and other diseases.

Production for 2017 was primarily processed and distributed by; both producers of jelly coconut water, the Coconut Industry Board, street vendors, supermarkets and the producers of coconut oil. The portion of the crop processed and sold through the channels of the Board during the year 2017, along with the four preceding years, are as follows:

COCONUTS PROCESSED BY THE BOARD (Nuts)

| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>TOTAL</u> |
|---------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | <u>'000</u> | <u>'000</u> | <u>'000</u> | <u>'000</u> | <u>'000</u> | <u>'000</u> |
| St. Andrew | 2 | 1 | 1 | 4 | 12 | 20 |
| St. Elizabeth | 157 | 173 | 103 | 105 | 113 | 651 |
| St. Thomas | 33 | 45 | 137 | 121 | 77 | 413 |
| Portland | 29 | 56 | 54 | 68 | 73 | 280 |
| St. Mary | 667 | 467 | 651 | 874 | 852 | 3511 |
| St. Catherine | 116 | 322 | 135 | 49 | - | 622 |
| TOTAL | 1,004 | 1,064 | 1,081 | 1,221 | 1,127 | 5,497 |

4. **EXPORT**

Seed coconuts were exported to Florida in the United States of America. The total number of seed coconuts exported in 2017 was 42,500 with a F. O.B. value of US\$135,500.00.

Export of seed coconuts during the preceding four years and year ended December 31, 2017 are as follows:

| <u>Year</u> | <u>F.O.B.</u> | |
|--------------|-----------------|----------------|
| | <u>Number</u> | <u>Value</u> |
| | <u>Exported</u> | <u>(US\$)</u> |
| 2017 | 42,500 | 135,500 |
| 2016 | 33,000 | 108,500 |
| 2015 | 47,850 | 149,100 |
| 2014 | 52,200 | 169,050 |
| 2013 | 21,000 | 64,600 |
| Total | 196,550 | 626,750 |

5. **THE COCONUT SHOP**

The Board purchased 795,721 coconuts from farmers at a cost of \$46,057,458 during the year (848,548 coconuts at a cost of \$41,219,069 in year 2016). These coconuts and the products produced from them were sold in the Board's Coconut Shop located at its Head Office at 18 Waterloo Road, Kingston 10.

This Coconut Shop continued to be a significant market for the purchase/sale of growers' coconuts.

6. **FINANCE**

For year ended 2017, the Board reported revenues of \$171,721,000, which represents an increase of \$33,096,000 or 23.87%, in comparison to 2016's figure of \$138,625,000. However, the net surplus decreased from \$158,769,000 in 2016 to \$19,447,000 in 2017. This reduction was

due primarily to the Board receiving a reduction in the share of profits from an associated company in addition to an increase in administrative expenses.

7. WINDSTORM INSURANCE FUND

The Windstorm Insurance Fund continued to indemnify coconut growers against the loss of bearing coconut trees to windstorm. The liability for windstorm insurance damage during the year 2017 was \$72,850,870 (Year 2016 - \$73,268,809); the maximum coverage per tree remained at \$1,000.

It should be noted, that the finances of the Windstorm Insurance Fund are kept separately from the funds of the Board and are treated as Trustee Funds.

Automatic Insurance and Voting Rights

Coconut growers earn automatic insurance and voting rights for the election of Board members, on coconuts sold to the Coconut Industry Board and licensed coconut dealers, including the bottlers of coconut water, provided the sales are reported to the Board. Automatic insurance is earned at the rate of \$65 for each 110 dry or jelly coconuts sold to the entities mentioned above.

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.

8. RESEARCH

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

The research activities undertaken during the year included:

- i. Monitoring the Brazil Green Dwarf and fifteen other varieties introduced from the Ivory Coast, Africa in 2009 for their potential to increase local coconut production.
- ii. Mitigation of lethal yellowing outbreak at Plantain Garden Seed Garden.
- iii. Assessment of germination at the Board's nurseries.
- iv. Production of "Special Malayan Dwarf Yellows" at Bartlett's Isles.
- v. Vermicomposting.
- vi. Fertilizer trial.
- vii. Coconut tissue culture.

9. AUDITORS' REPORT

PriceWaterhouseCoopers audited the financial statements of the Coconut Industry Board 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, 2017. The auditors furthermore reported that the financial performance and cash flows for the year ended December 31, 2017 are in accordance with the International Financial Reporting Standards.

10. REMUNERATION

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

11. The 2017 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.

A handwritten signature in black ink, appearing to read 'Audley Shaw', is written over a horizontal line.

Audley Shaw CD, MP.

Minister of Industry, Commerce, Agriculture & Fisheries

August 28/2019

DIRECTORS' COMPENSATION 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 (\$) |
|----------------------|---------------------|---|----------------|--|---------------------|
| Stephen Black | 172,800.00 | 76,328.00 | - | - | 249,128.00 |
| Homer Davis | 145,800.00 | 192,841.00 | - | - | 338,641.00 |
| Charles Douglas | 221,400.00 | 80,280.00 | - | - | 301,680.00 |
| Sandra Ennis | 252,000.00 | 189,175.00 | - | - | 441,175.00 |
| Hugh Gentles | 154,800.00 | 125,208.00 | - | - | 280,008.00 |
| Granville Marsh | 273,600.00 | 98,620.00 | - | - | 372,220.00 |
| Frank Phipps | 225,000.00 | 90,592.00 | - | - | 315,592.00 |
| Alaric Pottinger | 255,600.00 | 168,777.00 | - | - | 424,377.00 |
| Total | 2,316,000.00 | 1,164,595.00 | - | 120,000.00 | 3,600,595.00 |
| Others* | 5,400.00 | 44,154.00 | - | - | 49,554.00 |
| Total | 2,321,400.00 | 1,208,749.00 | - | 120,000.00 | 3,650,149.00 |

Notes

* Represent compensation for Raymond Mattis (Government representative) that attends Board meetings.

** Represent out-of-pocket expenses for the year.

SENIOR EXECUTIVE COMPENSATION 2017

| 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 | 2017 | 6,503,628.00 | 780,435.00 | | | 722,625.00 | 120,000.00 | 8,126,688.00 |
| Director of Research | 2017 | 4,246,944.00 | 471,883.00 | | | 509,633.00 | 120,000.00 | 5,348,460.00 |
| Corporate Secretary | 2017 | 3,356,862.00 | 355,905.00 | | | 384,378.00 | 120,000.00 | 4,217,145.00 |
| Total | | 14,107,434.00 | 1,608,223.00 | | | 1,616,636.00 | 360,000.00 | 17,692,293.00 |

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