

MINISTRY PAPER 68/20
THE PLANNING INSTITUTE OF JAMAICA
ANNUAL REPORT FOR THE PERIOD ENDED DECEMBER 31, 2018

1.0 INTRODUCTION

1.1 The matter for tabling in the Honourable Houses of Parliament is the Annual Report of the Planning Institute of Jamaica (PIOJ) for the year ended December 31, 2018.

1.2 PIOJ was established on April 9, 1984 as a corporate body under the Planning Institute of Jamaica Act. The Institute is mandated to initiate and co-ordinate plans for the economic, financial and social development of Jamaica. PIOJ also focuses on the transformation of Jamaica under Vision 2030 through strategies such as monitoring, forecasting and reporting on the economy against targeted objectives.

2.0 DISCLOSURES

2.1 Auditors' Report

2.1.1 Ernst and Young (EY), independent auditors of the PIOJ, conducted its examination of the entity's financial statements as at December 31, 2018 and gave their unqualified opinion. EY indicated that the audit was conducted in accordance with the International Standards on Auditing. The Auditors also informed that the financial statements accord with International Financial Reporting Standards and give a true and fair view of the financial position of the Institute and of its financial performance and cash flows as at December 31, 2018.

2.2 Compensation for Senior Executives

2.2.1 Pursuant to the Second Schedule (Part 1) of the Public Bodies Management and Accountability Act (Amendment 2011), details of the compensation packages for the Institute's nine (9) Senior Executives for 2018 has been disclosed with total executive compensation amounting to \$73.22 million. Additionally fees totalling \$0.49 million paid to the Chairman and Board of Directors is also detailed in the Annual Report.

3.0 OPERATIONAL REVIEW

3.1 The PIOJ was instrumental in identifying financing from International Development Partners (IDP) for public investment projects and budget support programmes. The PIOJ led efforts to access development loans totalling US\$130 million and grants of US\$90.70 million from IDP to ensure that these development assistance facilities were aligned with Vision 2030 Jamaica. A significant portion of the funding secured was in aid of human capital development.

3.2 Further activities and achievements of the Institute are highlighted below:-

- In 2018, PIOJ prepared the fourth Medium Term Socio-Economic Policy Framework (MTF) for the period 2018-2021. The MTF facilitates the implementation of Vision 2030 Jamaica through a results-based management approach that allows for the alignment of the overall vision, goals and national outcomes of the plan.
- A total of \$702.20 million (\$718 million: 2017) in loans was disbursed under the Foundation for Competitiveness and Growth Project to forty-three (43) micro, small and

medium sized enterprises (MSME) through six (6) commercial banks facilitated by the Development Bank of Jamaica. Since inception of the project, loans totalling \$2,029 million have been disbursed to over 110 MSMEs.

- The National Poverty Reduction Programme (NPRP) was launched on April 1, 2018, with the commencement of the first three (3) year medium-term programme for the period 2018-2021. The objective of the programme is to eliminate extreme food poverty by 2022 through the implementation of strategies that will address extreme poverty and basic needs; economic empowerment and human capital development; psychosocial, cultural and normative advancement; basic community infrastructure; and institutional strengthening. Focus was given to issues surrounding rural poverty due to the higher rates of poverty in that region. In addition, during the year a monitoring and evaluation framework for the NPRP was drafted.
- The PIOJ undertook a promotional drive sponsoring a programme titled “PIOJ Live” which lasted for ten (10) weeks. Focus was placed on educating the listenership on Vision 2030 Jamaica. In addition, PIOJ participated in over one hundred (100) events to promote Vision 2030 through expositions, conferences, media events and seven (7) publications.
- The Institute was commissioned to conduct a number of consultancies in line with its core functions. Chief among them were the Caymanas Special Economic Zone Feasibility Study and Master Plan Final Report; The National Investment Policy Green Paper and the business case for the Jamaica Ship Registry Public-Private Partnership.

4.0 FINANCIAL HIGHLIGHTS

4.1 Income and Expenditure

Table 1 Income & Expenditure

| Particulars | 2018 \$ million | 2017 \$ million | Variances | |
|--|--------------------|--------------------|----------------|----------------|
| | | | \$ million | % |
| Income | | | | |
| Government Subvention | 568.85 | 568.37 | 0.48 | .08 |
| Interest Income | 2.22 | 2.12 | 0.10 | 4.72 |
| Other Income | 46.28 | 44.66 | 1.62 | 3.63 |
| Total Income | 617.35 | 615.15 | 2.20 | 0.36 |
| Expenses | | | | |
| Staff Costs | 439.09 | 388.02 | -51.07 | -13.16 |
| Property expenses | 91.22 | 60.03 | -31.19 | -51.96 |
| Consultancy/Prof. Fees | 13.18 | 4.93 | -8.25 | -167.34 |
| Depreciation | 28.04 | 27.14 | -0.90 | -3.32 |
| Other operating expenses | 70.63 | 50.79 | -19.84 | -39.06 |
| Loss on disposal of proper & equipment | | 0.13 | 0.13 | 100 |
| Total Expenses | 642.16 | 531.04 | -111.12 | -20.92 |
| Net Surplus/Deficit | -24.82 | 84.11 | -108.93 | -129.51 |

4.1.1 PIOJ recorded a deficit of \$24.81 million for 2018 moving from a surplus of \$84.10 million in 2017. The overall decline in the operating results of the Institute was influenced by an increase of \$111.12 million in total expenses. The increase in expenses is attributed mainly to increases in staff costs (\$51.07 million), property expenses (\$31.19 million) and other operating expenses (\$19.83 million). Total income for the Institute increased marginally by \$2.20 million to \$617.15 million in 2018; this change was driven by an increase in rental income.


4.2 Balance Sheet and Cash Flow Highlights

4.2.1 During the review period total assets moved from \$980.95 million to \$926.57 million, a reduction of \$54.38 million. It is noted that the disbursement of funds (\$48.05 million) under the IDP funded projects were significantly more than inflows (\$5.89 million). This contributed to the decrease in current assets of the Institute by \$77.86 million.

4.2.2 The Institute ended the period with a cash balance of \$23.52 million, a decline of \$41.17 million below the closing cash balance of \$64.69 million for 2017. PIOJ generated net cash of \$10.18 million from operating activities. This represents a decrease of \$45.10 million on the \$55.28 million cash generated from operations in 2017. This decline in the cash flow resulted chiefly from the net deficit of \$24.81 million recorded for 2018. The PIOJ held sufficient cash flows to meet its short term obligations evidenced by a cash flow ratio of 1.08 (2017 – 1.50).

5.0 CONCLUSION

5.1 The PIOJ continues to pursue strategies that allow for an integrated national development plan that aligns with national goals in particular Vision 2030 Jamaica. This was executed with the strengthening of its internal capacity and collaborating with international partners. The Institute will continue to provide critical technical support in its multifunction role as policy advisor, negotiator and monitoring and evaluation of Jamaica's National Development Plan.



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Minister of Finance and the Public Service

August 21, 2020

