



**COFFEE INDUSTRY BOARD**

**ANNUAL REPORT**

FOR YEAR ENDED 31ST JULY, 1992

42 YEARS OF THE COFFEE INDUSTRY BOARD

**ANNUAL REPORT FOR YEAR ENDED  
31ST JULY 1992**

**Introduction**

The Board is appointed by the Minister of Agriculture in accordance with Section 14 of the Coffee Industry Regulations Act 1948. It comprises nine (9) Members, three (3) of whom represent the JAS Coffee Federation, two (2) the Coffee Council and four (4) are nominated Members.

Members of the Board during the year were:-

Mr. K. Munn	- Chairman
Mr. D. Boothe	
Mr. J. Minott	
Mr. R. Thwaites	
Mr. D. Menzies	
Senator C. Fletcher	} JAS Coffee Federation Representatives
Mrs. A. Stewart	
Mr. A. Sinclair	

**MEETINGS**

Twelve regular meetings were held during the year and were well attended by the Members.

**ACKNOWLEDGEMENT**

The Board is pleased to record its appreciation of the loyalty and dedication of its employees and of the support and co-operation of coffee growers and related organisations which contributed to the progress of the industry during the year.

**STAFF**

Mr. G. McPherson, General Manager of CIDCo, resigned on 31st July, 1992, after 19 years of employment with CIB and CIDCo.

**PRODUCTION AND DEVELOPMENT**

National production for the year was 495,118 boxes of coffee which was a significant increase over the previous year's production of 347,140 boxes. This increase was due to heavy bearing in the lowland areas of 291,118 boxes of cherry coffee compared to 187,140 boxes in the previous year, as well as good bearing from the Blue Mountain area of 204,000 boxes during the year under review, moving from 160,000 boxes of cherry coffee in the previous year.

The significant increase was as a result of the continued recovery of the lowland coffee farms from the devastation of hurricane Gilbert in 1988 and the development and expansion programme in the Blue Mountain area.

#### **COFFEE INDUSTRY DEVELOPMENT CO. LTD. (CIDCo)**

In February 1992 the CIB's Extension functions which were carried out by CIDCo were brought back under the direct control of the CIB in order to make the operations of CIB and CIDCo more cost-effective.

#### **DEVELOPMENT PROGRAMMES**

##### **Claverty Cottage/Shirley Castle Programme (CC/SC) 3,500-acre Blue Mountain Loan Programme**

For the year, a total of 569.20 acres of coffee was established (68.45 acres by CIDCo and 503.75 acres by private farmers), bringing establishment since inception of the project to 2,028 acres.

Since the inception of the programme in 1984, the year under review saw the greatest expansion and development of farms in the Blue Mountains. This is attributed to increased allocation of leased lands to farmers, favourable weather conditions during the Spring of 1992, increased loan sums per acre and the increased availability of 4-wheel Drive Pick-up trucks within the project area.

##### **EEC – 1,500 acres of Lowland Coffee Development Programme**

During the year 231 acres of coffee were established under this project, bringing the total coffee establishment, since its inception in 1985, to 894 acres of the target of 1,500 acres.

Farmers responded well to the increased loan per acre as well as increased acreage allocation from 7.5 acres to 10.00 acres which was approved during the year under review. The farms which had now come into production were also an encouragement to prospective farmers to participate in the programme.

##### **International Fund for Agricultural Development (IFAD) Hillside Farmers Support Project**

This project is administered by the Agricultural Credit Bank through the local People's Co-operative Banks. The CIB was responsible for the technical aspects of the coffee component which was to establish 1,565 acres and resuscitate 1,301 acres.

During the year under review, 98 acres of coffee were established, making a total of 278 acres established since inception of the project in 1990. Forty (40) acres were resuscitated up to 31st July, 1992. The slow progress of this project was because more attractive programmes such as HAP and the U.K. Rehabilitation were also available to farmers during the same period in the project area.

### **Hillside Agricultural Project (HAP) (USAID)**

This project is funded by the USAID and the CIB. The CIB is the implementing agency for the NW St. Catherine Coffee Resuscitation and the Guys Hill Coffee Resuscitation sub-projects

The objective of these sub-projects is to resuscitate 300 acres and 200 acres of coffee in the respective project areas in order to increase their productivity from 15 boxes of cherry coffee per acre to 60 boxes per acre in 2 – 3 years. The sub-projects provide inputs and technical expertise on a grant basis to farmers who provide their own labour as their contribution to the project.

During the year under review 330.75 acres were resuscitated, making a total of 421.50 acres since the inception of the project in 1990.

### **U.K. Small Farmers' Rehabilitation Programme**

The Government of the United Kingdom provided material inputs and training equipment valued at £500,000 to assist the 16 Lowland Co-operatives in rehabilitating their members' coffee plots which had been severely damaged by Hurricane Gilbert in 1988. The target was to cut back 1000 acres of coffee and increase productivity from 15 boxes of cherry coffee per acre to 60 boxes.

During the year under review 669 acres were resuscitated making a total of 875.90 up to 31st July, 1992; 1,603 farmers received benefits under this project.

### **UCC/CIB Coffee Development Project**

This project began in 1990 and aimed at facilitating commercial type coffee development in the Lowland areas from funds provided by Ueshima Coffee Company (UCC) of Japan and the CIB.

During the year 175.15 acres were established, making a total of 437.45 acres planted since its commencement in 1990.

### **NURSERY PROGRAMME**

2.56 million seedlings were distributed during the year as follows:--

CIB Nurseries	-	1,507,030
Private Nurseries	-	<u>1,055,021</u>
Total	-	<u>2,562,051</u>

The CIB's distribution was only 72% of the target of 2,083,800. This was due primarily to low demand for seedlings during the months of September to December 1991 because of drought during that period.

## OPERATIONS AT THE CIB'S CENTRAL FACTORIES

Receivals of cherry coffee at the Board's central factories during the year under review are set out below:

Factory	Receivals	
	90/91	91/92
<b>Lowland</b>		
Aenon Town	31,563 boxes	48,070 boxes
Bog Walk	41,613	81,164
Clarendon Park	56,854	47,430
Maggotty	23,705	43,557
Trout Hall	<u>27,755</u>	<u>68,597</u>
Total Lowland	181,490	288,818
<b>Blue Mountain</b>		
Wallenford	<u>52,542</u>	<u>75,243</u>
TOTAL Lowland and Blue Mtn Factories	<u>234,032</u>	<u>364,061</u>

## COFFEE CO-OPERATIVES

### Lowland Co-operative Rehab Programme Ministry of Agriculture Export Crops Project

In March 1992 a 3-Year Project was approved by the Ministry of Agriculture, Agricultural Export Services Project to be funded by the USAID and the CIB in the amount of \$2.972M to upgrade the management capability of the 16 Lowland Co-operatives. Emphasis would be placed on training of the Management of the Co-ops and improving their data collection and accounting capacity.

At the request of the JAS Coffee Federation, the CIB agreed to be the implementing agency for the project. During the year, 16 Co-operative Clerks were recruited and assigned one to each Co-op to assist the Management Committees in carrying out their functions.

Coffee Supplies from these Co-operatives to the CIB are set out below:-

Co-operatives	No. of Boxes Delivered		
	1989/90	1990/91	1991/92
Catadupa	3,762	5,041	12,528
Central St. Catherine	8,797	9,090	16,469
Central St. Mary	2,061	1,742	2,916
Darliston	949	1,366	4,838
East St. Ann	2,431	943	5,914
Frankfield	43,005	11,099	48,868
Guys Hill	3,611	2,536	7,567
North Manchester	13,016	13,094	18,041

Co-operatives	No. of Boxes Delivered		
	1989/90	1990/91	1991/92
N/E Clarendon	13,320	16,311	19,171
N/W St. Catherine	12,958	13,752	22,965
St. Elizabeth	9,532	7,174	11,222
South Clarendon	5,208	5,030	3,573
South Manchester	16,703	23,868	19,280
Trelawny	1,854	2,760	4,655
West St. Andrew	215	684	1,423
West St. Ann	14,751	5,961	25,492
	<u>152,173</u>	<u>120,452</u>	<u>224,921</u>

1 box = 60 lbs of cherry coffee

#### Price to Farmers

The net prices paid by CIB to farmers for the 91/92 crop were J\$1006 per box for Blue Mountain coffee and J\$450 for Lowland coffee compared to J\$472 for Blue Mountain coffee and J\$146 for Lowland coffee in the previous year.

The improved prices for both the Blue Mountain and Lowland coffee resulted from a slight improvement in the exportable proportions of the coffee and drastic devaluation of the Jamaican dollar.

#### Industry Cess

An industry cess of \$30.80 on each box of Blue Mountain coffee and \$13.96 for Lowland coffee was charged by the CIB on the 1991/92 crop. The cess was used to assist in paying for the cost of administration, extension and research programmes.

#### Marketing

Jamaica continued to be a member of the International Coffee Organisation (ICO).

Demand for Jamaican coffee overseas remained high. Export sales for the year under review totalled 18,695 bags\* valued at US\$13,985,009 while local sales totalled 5,595 bags valued at J\$29,325,145.

Comparative figures for the CIB's sales and value of sales over the last five years are set out below:-

Crop Year	Local Sales (132 bags)	Value J\$	Export Sales (132 lb bags)	FOB Value US\$
87/88	9,126	16,071,573	22,500	9,245,800
88/89	8,105	14,702,232	12,265	7,759,626
89/90	7,170	14,251,564	14,780	8,724,012
90/91	5,873	14,875,974	13,652	10,453,486
91/92	5,595	29,325,145	18,695	13,985,009

\*1 bag - 132 lbs./60 kg.

\*The CIB continued to export coffee to its traditional buyers in Japan, USA, the U.K. and CARICOM. Local roasters continued their efforts to export roasted coffee to the USA and Canada and the Caribbean; their main market was the USA.

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**To the Members of  
COFFEE INDUSTRY BOARD**

**AUDITORS' REPORT**

We have examined the financial statements set out on pages 8 to 28. Our examination was made in accordance with generally accepted auditing standards except that, as explained in the following paragraphs, we were unable to obtain all the information and explanations which we required and to perform such tests of the accounting records and such other auditing procedures as we considered necessary.

Our examination indicated serious deficiencies in the accounting records and in the systems of internal control of the Board and its subsidiary. As a consequence, we were unable to satisfy ourselves that all of their revenues and expenditures had been recorded, and adequate evidential matter in support of recorded transactions was not available in all cases. It was impracticable to extend our procedures sufficiently to determine the extent to which the financial statements as of and for the year ended July 31, 1992 may have been affected by these conditions.

The financial statements are in agreement with the accounting records of the Board and the group. In view of the possible effects on the financial statements of the matters described in the preceding paragraph, we are unable to express, and we do not express, an opinion as to whether the financial statements give a true and fair view of the state of affairs of the Board and the Group at July 31, 1992 or of the loss of the Board and the Group and the cash flows of the Group for the year then ended or whether they comply with the provisions of the Coffee Industry Regulation Act.



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KPMG Peat Marwick

June 2, 1995

**COFFEE INDUSTRY BOARD**

**Balance Sheet  
July 31, 1992**

	Notes	1992	1991
<b>CURRENT ASSETS</b>			
Cash		51,811,363	59,194,444
Accounts receivable and prepaid expenses		90,004,231	26,087,986
Inventories	3	112,290,940	19,685,825
Owed by subsidiary – current account		53,030,336	9,559,096
Owed by subsidiary – current portion of loans		<u>7,387,133</u>	<u>619,483</u>
		<u>314,524,003</u>	<u>115,146,834</u>
<b>CURRENT LIABILITIES</b>			
Bank overdraft	4	71,229,388	263,537
Accounts payable and accrued expenses		79,713,543	42,465,128
Current portion of long-term liabilities	11	<u>94,821,850</u>	<u>34,933,873</u>
		<u>245,764,781</u>	<u>77,662,538</u>
<b>NET CURRENT ASSETS</b>		68,759,222	37,484,296
<b>FIXED ASSETS</b>	5	27,470,026	22,658,623
<b>DEVELOPMENT EXPENDITURE</b>	7	208,349,946	175,753,547
<b>LOANS TO GROWERS</b>		51,856,282	29,940,207
<b>INVESTMENTS</b>	8	65,942	213,779
<b>INTEREST IN SUBSIDIARY COMPANY</b>	9	<u>176,887,511</u>	<u>112,080,610</u>
		<u>\$ 533,388,929</u>	<u>378,131,062</u>
<b>Financed by:</b>			
<b>RESERVES</b>			
Capital	10	15,879,707	15,879,707
Revenue	10	<u>( 98,124,997)</u>	<u>( 16,471,159)</u>
		<u>( 82,245,290)</u>	591,452
<b>LONG-TERM LIABILITIES</b>	11	615,634,219	378,722,514
On behalf of the Board			
_____ Director			
Douglas Graham			
_____ Director			
Morin Seymour			
		<u>\$533,388,929</u>	<u>378,131,062</u>

The accompanying notes form an integral part of the financial statements.



