



**MARITIME AUTHORITY
OF JAMAICA**

ANNUAL REPORT

2019 - 2020



MARITIME AUTHORITY OF JAMAICA



ANNUAL REPORT
2019-2020



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

VISION STATEMENT

The Maritime Authority's vision is to elevate Jamaica's maritime status to world standards, through the provision of quality client-focused services, by making the best available use of technology and employing highly trained and motivated staff.

MISSION STATEMENT

The Maritime Authority will pursue the development of shipping and provide quality service to the Jamaican and international maritime industry, while promoting high standards of maritime competence, safety, security and protection of the marine environment.

QUALITY STATEMENT

The Maritime Authority of Jamaica (MAJ) is committed to the operation of a quality registry and to providing client-focused services to the Jamaican and international maritime industry, while promoting high standards of maritime competence, safety and protection of the maritime environment.

It is the policy of the MAJ to be responsive to the individual and collective needs of our clients, to provide quality services in support of our mission, and to provide services consistent with international conventions, rules, regulations and standards.

To achieve this, the MAJ has implemented a corporate-wide quality management system (QMS) in accordance with ISO 9001-2008, which shall serve to fulfil expectations, increase efficiency, establish controls and foster a culture committed to excellence.

Through the application of modern technology, teamwork and the participation of our highly trained and motivated staff in the use, monitoring and constant improvement of the QMS, the MAJ will provide superior services which consistently meet client expectations.



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

Table of Contents

CORPORATE PROFILE.....	4
BOARD OF DIRECTORS AND MANAGEMENT TEAM	5
CHAIRPERSON’S MESSAGE.....	6
DIRECTOR GENERAL’S REPORT	8
CORPORATE GOVERNANCE	14
REPORT OF THE BOARD OF DIRECTORS	16
JAMAICA SHIP REGISTRY (JSR)	16
SEAFARER ENGAGEMENT AND WELFARE.....	23
SHIP INSPECTION AND SURVEYS.....	27
DEVELOPING JAMAICA AS A SHIPPING CENTRE.....	35
LEGISLATION ACTIVITIES	36
INTERNATIONAL MARITIME ORGANIZATION (IMO) ACTIVITIES	39
OTHER ACTIVITIES	47
PUBLIC RELATIONS	57
HUMAN RESOURCE MANAGEMENT.....	59
INFORMATION SYSTEMS	59
FINANCIAL REVIEW	61
PLANS FOR 2020/2021	65
SENIOR EXECUTIVE’S COMPENSATION TABLE.....	66
FINANCIAL REPORT FOR THE YEAR ENDED MARCH 2020.....	68



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

CORPORATE PROFILE

The Maritime Authority of Jamaica (MAJ) is a statutory body established by the Shipping Act of 1998 with primary responsibility for the Jamaican maritime sector. Its core functions and legislative mandate is to develop and regulate matters relating to shipping and seafarers.

It is mandated to:

- administer the registration of ships;
- regulate the certification of Seafarers;
- regulate the safety of shipping as regards the construction of ships and navigation;
- administer policy for the development of shipping in general;
- inspect ships for the purposes of maritime safety, security and prevention of marine pollution;
- establish maritime training and safety standards; and
- make enquiries as to shipwrecks or other casualties affecting ships, or as to charges of incompetence or misconduct on the part of seafarers in relation to such casualties”.

The operations of MAJ are undertaken through the following departments:

- Directorate of Safety, Examinations and Certification (DSEC)
- Directorate of Shipping and Seafarers (DSS)
- Directorate of Legal Affairs (DLA)
- Directorate of Corporate Services (DCS)
 - Finance and Accounts
 - Information Technology
 - Human Resource Management
 - Office Management
 - Customer Service
 - Library and Document Centre



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

BOARD OF DIRECTORS AND MANAGEMENT TEAM

BOARD OF DIRECTORS

Mrs. Corah-Ann Robertson-Sylvester	Chairman
Mr. William A Brown	Deputy Chairman
Mr. Peter D McConnell	Board Member
Mr. Tony Tame	Board Member
Ambassador Ann Scott	Board Member
Mr. Donovan Walker	Board Member
Mr. Andrew Gallimore	Board Member
Ms. Joan Wynter	Member (Representative from MTM)
Mr. Francois Graham	Member (Representative from MTM)
Rear Admiral Peter Brady	Director General
Mr. Bertrand Smith	Secretary

MANAGEMENT TEAM

Rear Admiral Peter Brady	Director General
Mrs. Claudia Grant	Deputy Director General
Mr. Bertrand Smith	Director, Legal Affairs
Capt. Steven Spence	Director, Safety Environment and Certification
Mr. Seymour Harley	Director, Shipping and Seafarers
Mr. Michael McFarlane	Director, Corporate Services

FINANCIAL AUDITORS:

C. R. Hylton & Co. Chartered Accountants



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

CHAIRPERSON'S MESSAGE

It is unusual to begin the Chairperson's message of an organization's annual report against the backdrop of unwelcome events which terminated the period under review. However, the catastrophe which has hit the world from the beginning of 2020 was immensely disruptive such that, it impacted the last quarter of this period, mentally, operationally and of course financially to some extent.

During the last month of the period under review we extended much time and effort familiarizing with the new way of life, Government health protocols, guidance and strict measures, while trying to anticipate the fall-out for the international shipping industry, maritime interests in Jamaica's maritime space and importantly the negative impacts on our staff at the Authority. We were fully aware that international trade with Jamaica by sea would have to continue in as robust manner as possible, and that in discharging our regulatory responsibilities we had to consider the health rules as laid down in the Government's applicable legislation, the Order of the Disaster Risk Management Act. In those very early days of March 2020 there was much uncertainty which of course begun to evaporate to some extent subsequently, through knowledge and experience gained by Jamaica and learned from the international community. We also had to anticipate how to approach regulatory issues that are required by international rules and this included the status of seafarer's employment contracts.

Through remote connectivity, we continued to actively participate in international maritime affairs, during the last part of the period and especially with the International Maritime Organization (IMO) at which we are a member of its governing body, the Council.

In this period under review April 1, 2019 - March 31, 2020, additionally, to conducting our normal business, especially in the first nine months, we expended much effort and time preparing for re-election to the IMO Council of the International Maritime Organization (IMO). We were successful in being re-elected to 'Category C' of the IMO Council in late November 2019 for the current biennium 2020-2021. We publicly thank our Minister the Hon Robert Montague Massive whose support and personal appearance at the IMO during the 31st Assembly, led the team. We also thank the Ministry of Foreign Affairs and Foreign Trade (MFAFT), along with the UK High Commissioner and team and other Jamaican missions overseas whose contributions were salutary.

We continued to advance our plans for the Private Partnership (PPP) of the Jamaica Ship Registry (JSR). We saw downturn of about 24% in mega-yacht registrations and conversely a small increase in the domestic fleet register. Local Trade operations with foreign flagged vessels operating under our jurisdiction through the Shipping Act 1998, declined by around 50%; we successfully co-hosted with International Bunkering Industry Association (IBIA), an international bunkering



**Mrs. Corah Ann Robertson-Sylvester Board Chairman
Maritime Authority of Jamaica**



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

conference in September 2019 where Jamaica and the region benefited from excellent guidance on the mandatory imposition of the IMO's 0.5% sulphur cap on ships' fuel on January 1, 2020.

Our regulatory and academic oversight for the nautical and marine engineering subjects delivered at the Caribbean Maritime University is undergirded by the provisions of the Shipping Act 1998. During this period, we increased the number of examinations set for both the nautical and marine engineering students and was also awarded 60% more international Certificates of Competency (COC's) over the previous period. The quality of our seafarers, both male and female, is recognized globally and our deficiency is not being able to produce sufficient for the merchant ships of the world.

The Authority continues to produce solid results as Jamaica's regulator of maritime transportation activities and maintains its maritime status as a leading Small Island Developing State (SIDS) at the international level and within CARICOM and the Wider Caribbean Region. There is some noticeable struggle internally, as the responsibilities have grown over the past 15 years without a corresponding staff- increase and restructuring. While a re-structuring exercise was completed with a consultant in 2019, no implementation was possible during the Financial year.

In the coming period we will double our efforts to compress the activities for advancing the PPP process; negotiate/request with our Ministry and Ministry of Finance and the Public Service (MOFPS) for a restructuring of the MAJ; press for the enactment of vital legislation and maintain our vigilance for maritime safety and security and protection of the marine environment from pollution by ships and continue to support viable maritime activities, projects and proposals for the continuing development of Jamaica.

I once again take this opportunity to publicly express gratitude to my fellow Board members and the staff of the MAJ for their sterling service to Jamaica and look forward to working with them in the coming period as we try to increase our footprint locally and internationally even as the COVID 19 pandemic constrains our actions.

A handwritten signature in black ink, reading "CA2 Sylvester".

Corah Ann Robertson Sylvester
Chairperson



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

DIRECTOR GENERAL'S REPORT

The period under review was punctuated with several notable events, a slight decrease in revenue, the global introduction of a sulphur cap on ship's fuel, the successful re-election of Jamaica to the Council of the International Maritime Organization (IMO) and several Regional and National workshops.

We also actively observed the IMO's theme for the year 2019 "Empowering Women in the Maritime Community" along with the gender equality theme for International Day of the Seafarer on June 25, "I am On Board" and hosted several Regional and National IMO seminars and workshops. Undoubtedly the most serious event was the impact of the COVID 19 pandemic which arrived in Jamaica in the last two months of the period under review and resulted in a slight decrease in our revenue.



**Rear Admiral Peter Brady
(Ret'd) Director General**

Our principal responsibilities as laid down in the Shipping Act, 1998, guided by our mission and vision, relate directly to the requirement to provide for a regulated maritime transportation system within Jamaica's maritime space on the one hand, and on the other, jurisdiction over Jamaican registered ships wherever they ply in the world, consistent with the UN Convention on the Law of the Sea (UNCLOS). Maritime safety and security, and the prevention of pollution by ships which includes air emissions, the oversight for Standards of Training and Certification of Seafarers at the Caribbean Maritime University along with having a policy and development role within Jamaica, all constitute our major roles and responsibilities. Throughout the period under review, our activities also included preparing several pieces of legislation which incorporate IMO Conventions regulating the protection of the marine environment.

In our regional technical cooperation assistance outreach, we accommodated two persons from the Haitian Maritime Administration "SEMANAH" in order to familiarize them with the operations of a classical Maritime administration, and we extended for another year, the secondment of an officer on loan to the MAJ from the Jamaica Defence Force Coast Guard (National Reserve) to the Regional Activity Centre-Regional Marine Pollution Emergency Information Training Centre Caribbean (RAC-REMPEITC Caribe) in Curacao. Our regional contributions also include maintaining the Caribbean Port State Control (CMOU) Secretariat at the MAJ along with the provision of the Secretary General and Administrative Assistant, and also hosting the Secretariat and Secretary of the Women in Maritime Caribbean (WiMAC).



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

Directorate of Safety, Environment and Certification (DSEC)

Surveys and Inspections

This major operational arm of the MAJ conducts physical inspection of ships, boats and all other form of watercraft in Jamaica and overseas in order to ensure that the vessels are in compliance with both the national and international rules for maritime safety and security and pollution prevention. Specially approved “Recognized Organizations” (ROs) may conduct some surveys and inspections on our behalf overseas and during this period some surveys and Flag State inspections were carried out by ROs in Australia, China, the Middle East, and the Black Sea. With an overall increase of 50% in yacht registrations by our Deputy Registrar in the USA, numerous inspections were conducted on the newly registered mega yachts, mostly in South Florida. Foreign flagged ships which operate in Jamaican waters (Local Trade) engaging in activities such as bunkering and LNG services, were also inspected by MAJ marine surveyors and inspectors; we had approximately 50% fewer Local Trade inspections during the period which resulted in a downturn of these activities. This is primarily attributable to the change in status from local trade to registration of some of vessels engaged in towage in Jamaican waters, reduction in bunkering activities with the exodus of a major player in the market as well as the completion of activities relative to the dredging of the channel and harbour.

A major segment of the Annual inspection programme is given to the conduct of Port State Control by our marine inspectors and surveyors. Under the Caribbean MOU on Port State Control, (CMOU), Jamaica is required to inspect at least 15% of foreign flagged ships which trade at our ports. During the year 115 PSC inspections were carried out leading to 2 detentions. This figure exceeded the previous period by a total of 13 and 1 respectively. The importance of this activity is underscored for its actions to keep sub-standard ships out of Jamaica’s pristine waters and the waters of the Caribbean as a whole.

Examination and Certification of Seafarers

This Directorate is also responsible for ensuring that the Caribbean Maritime University (CMU) provides nautical and marine engineering education and training at the international level and standards consistent with the International Convention on Standards of Training and Certification (STCW Convention) which is an international treaty to which Jamaica acceded and is enshrined in our Shipping Act. The quality standards which are required to be observed by the CMU for Maritime Education and Training (MET) are also audited by the MAJ quality standards team. The MAJ also sets and examines the eligible students for their international Certificates of Competency (COCs) awarding successful students with their internationally recognized COCs. During the period 414 examinations were conducted in marine engineering, navigation and maritime law. This reflects a 67% reduction over the comparative period in 2018/2019. The reduction was due to the deferral of scheduled examinations in response to a request from the CMU who had adjusted their programme timelines. This also facilitated the student’s participation in work/study programmes overseas during the summer instead of sitting their exams usually scheduled during this period.

Local examinations are also given to persons who operate in and around Jamaican waters especially in the fisheries and tourism related water sports sector. During the period DSEC



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

conducted 115 examinations for captains of small vessels (Coxswains), an increase of 23 over the previous period. Licences issued to small vessels total 272 which was 32 more than the previous period.

Bunkering Activities

As a commercial maritime service for ships, including those which transit Jamaica's sea lanes without trading here, bunkering or the provision of fuel for ships, is a vital service which helps to place Jamaica as an attractive shipping hub. The activity is conducted inside Kingston Harbour mostly, but also offshore for large vessels transiting Jamaican waters, that do not wish to enter a local port.

Our second regional bunkering conference, co-hosted with the International Bunkering Industry Association (IBIA) was opened at the IBEROSTAR Hotel in Montego Bay by the Hon Robert Montague, Minister of Transport and Mining, September 10-12, 2019. It was critically timed to provide for relevant and current preparations for the introduction of the IMO's January 1, 2020 international sulphur cap. The event was deemed to be a success from the numbers and cross-section of prominent institutions and persons from the region and Jamaica who participated. It was closed with a dinner event at which both the Minister of Transport and Mining and the Minister of Science Energy and Technology were in attendance, with the latter bringing a keynote message. It should be noted that the conferences and stakeholder consultations undertaken by the MAJ many years prior to January 2020, the country through PETROJAM Limited and local bunker suppliers was able to meet the regulatory standards of the 0.5 % sulphur limit on time.

Directorate of Shipping and Policy Research (DSPR)

Jamaica Ship Registry

The Directorate of Shipping and Policy Research (DSPR) administers the Jamaica Ship Registry which contributes the highest amount of funds for the Appropriations-in-Aid segment of the revenue base. While the individual tonnage from the registration of yachts is small, the volume of registrations contributes most to the JSR revenue in this segment. The contributions from the yacht segment accounted for 62% of revenue.

The introduction of the Jamaica yacht ensign received approval from the Government, along with the approval of a special ensign for use on government owned non-military vessels. The final actions for total global recognition for those ensigns were requested from the Royal College of Arms in the UK. The yacht ensign will enhance the international pedigree of the yacht segment of the JSR.

Local Trade

The MAJ, through the Local Trade Regulations of the Shipping Act, 1998 allows foreign flagged vessels to provide services within Jamaica's maritime space if there are no local providers or where they are insufficient to meet the demands of the shipping traffic. The MAJ inspects the vessels for compliance with national and international rules before being certified to operate. During this



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

period, we certified bunkering ships including LNG supply and storage ships which operates Portland Bight in St Catherine.

JSR Public-Private Partnership

The quest to privatise the marketing and operations of the Jamaica Ship Registry continued during this period with the Cabinet's approval to advance to the Transaction Phase in November 2019. The valuation of the registry was also completed by Price Waterhouse Coopers and the Transaction Adviser's procurement plan along with an initial list of potential investors, was received.

Seafarer's Activities

Towards the ending of the period under review, because of the impact of very stringent health measures instituted by governments globally, in the face of the threat from the COVID 19 pandemic, the movement of persons engaged directly and indirectly in seaborne trade was severely impacted. This included ships' crews and support personnel such as surveyors. The revalidation of certificates for both vessels and crews was also negatively affected. The MAJ with guidance issued by the International Maritime Organization (IMO) sent out bulletins extending the validity of certificates and exemptions, including crews medical and ships' statutory certificates.

The Day of the Seafarer celebrated on June 25 every year, in 2019 recognized the value and contributions of women in the maritime business with the theme "I am On Board with Gender Equality". This complements the World Maritime Day theme, "Empowering Women in the Maritime Community" celebrated each year on the last Thursday of September. The MAJ specially emphasized and promoted the maritime women in Jamaica throughout the entire period under review but also using social media and physical visits to ports and ships to interact with seafarers on Day of the Seafarer.

International Maritime Organization (IMO)/Regional Activities

The strategy to be re-elected to the Council of the International Maritime Organization (IMO) along with the execution of the plan was a resounding success. This would not have been possible without the support of our Minister and the Ministry of Transport and Mining team, the Ministry of Foreign Affairs and Foreign Trade Team, the UK High Commissioner and team, other missions overseas and our own MAJ team headed by the Chair of our Board. Our re-election was the result of hard work, excellent coordination and a strong desire among the teams for Jamaica to retain its international standing as a reputable maritime nation.

The re-election of our Deputy Director General as Chair of the Implementation of IMO Instruments (III) Sub Committee along with the continuing tenure of the Director General on the Board of Governors of the World Maritime university (WMU), continue to enhance our recognition on the international maritime scene.

In January 2020, the MAJ co-hosted with the IMO the first for the Region and the second ever Knowledge Partnership Workshop for maritime leaders and international and regional development agencies. The aim of the workshop was to bring together maritime administration representatives from the Region including overseas territories with development assistance agencies in the region to share information on marine related activities being undertaken and to



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

communicate the best application of development assistance funding. The workshop was also aimed at developing knowledge, partnership mechanisms for development cooperation activities in the maritime field and to seek possible cooperation opportunities.

In February our Deputy Director General, Director of Legal Affairs and Director of Safety, environment and Certification (DSEC) attended the Senior Maritime Administrators (SMA) workshop sponsored by the IMO. This took place just before air travel restrictions were imposed. The SMA facilitates the meeting of senior maritime administrators of the Region annually to share progress and challenges in their maritime development particularly as it relates to maritime safety, security and pollution prevention, and to share strategies and identify areas where assistance may be needed. These are included in a submission to the IMO for Technical Assistance to the Region.

National Oil Spill Contingency Workshop

The MAJ sits on the ODPEM's marine disaster response committee and advises on the coordination of response actions relating to marine incidents such as oil spills. We co-hosted a National oil Spill Contingency Plan Workshop with the ODPEM in October 2019. The workshop was conducted by the IMO supported Regional Activity Centre-Regional Marine Pollution Emergency Information and Training Centre (Caribbean) RAC-REMPEITC Caribe, in Curacao where our consultant is attached. He was one of the two instructors at the workshop which provided guidance on the revision of the Jamaica National Oil Spill Contingency Plan. Stakeholders from several Ministries Departments and Agencies participated.

Financial Outturn

The financial period 2019-2020 shows revenues from various services including ship and yacht registrations, \$10 million; Local Trade, \$37.77 million; Annual Fees, \$50.11 million; Inspections \$12.5 million and endorsements of certificates, \$7.5 million.

Outlook for 2020-2021

Already at the close of the period, we were beginning to experience a downturn in economic activities which impact areas such as registrations of ships and yachts, tourism related areas, and the certification of seafarers. This uncertainty makes it difficult to accurately estimate what the coming year's performance will be. Notwithstanding we will be advancing plans to move forward the PPP of the JSR, try to complete and present our organizational restructuring plans for the Authority, introduce our yacht ensigns, expedite our legislative agenda, continue to support the secondment of our consultant at RAC-REMPEITC with the expectation that our regional partner maritime administrations will provide financial support, and continue to liaise with the Jamaica shipping industry to maintain a safe and environmentally sound maritime space in Jamaica.

Conclusion

The Authority has again produced good results for the period. We understand that the onset of the COVID 19 pandemic will change how we operate, interact and service our clients. However, the early adjustments from everyone have been encouraging even as many uncertainties remains. It has again been a great pleasure to work with my colleagues who are determined to produce quality service in the local and international environment. The reviews from client feedback are very



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

satisfying even as we recognized that there are still areas for improvement. It is a pleasure to lead this sound, energetic and professional team and we are equally fortunate to have a Board expertly led and deeply interested in supporting the MAJ in fulfilling its mandate and thereby contribute to the growth and development of Jamaica.

A handwritten signature in black ink, appearing to be 'P. Brady'.

Rear Admiral Peter Brady
Director General



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

CORPORATE GOVERNANCE

The Maritime Authority, as a matter of policy, is committed to adopting best practices in Corporate Governance in all areas of its operation.

MAJ has an appointed Board of Directors which is committed to ensuring high standards of Corporate Governance. Information relating to the Board of Directors is shown below.

Name	Expertise	Length of Service	Meetings Attended
Mrs. Corah-Ann Robertson-Sylvester	Commercial Shipping	May 2016 to Present	6
Mr. William Brown	Finance	May 2016 to present	3
Mr. Peter McConnell	Businessman	May 2016 to Present	6
Mr. Tony Tame	Local Fishing Industry	May 2016 to present	4
Ambassador Ann Scott	International Relations	July 2018 to present	5
Mr. Donovan Walker	Attorney-at -Law	January 2017 to Present	5
Mr. Andrew Gallimore	Businessman	July 2018 to Present	4
Ms. Joan Wynter	Transport Planner MTM	July 2018 to September 2019	3
Mr. Francois Graham	Transport Planner MTM	January 2020 to present	2
Note: Ms. Joan Wynter proceeded on retirement from the Ministry of Transport and Mining and was replaced on the MAJ Board of Directors by Mr. Francois Graham			

The MAJ continues to be compliant in meeting all its statutory obligations to the Government and ensuring that individual members of staff who are eligible to file annual returns to the “Commission for the Prevention of Corruption” have duly made their returns on time. During the period, the MAJ maintained its 9001:2015 standard in the Quality Management System. All reporting obligations relating to international conventions to which Jamaica is a part of were also met. Additionally, contributions to the IMO and the Caribbean MOU on Port State Control were duly made along with our payment for the Long-Range Identification and Tracking (LRIT) service to our service provider in the United Kingdom.



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

The Board of Directors have established two committees as noted below:

- **Finance Committee**

Membership of the committee comprised of Mr. William Brown – Chairman, Mr. Andrew Gallimore, Rear Admiral Peter Brady, Mr. Michael McFarlane, and Ms. Ann Clarke.

The committee met on September 27, 2019, to review the drafted 2020-2021 Budget and on December 9, 2019 for the review of the Audited Financial Report for 2018-2019. Both documents were approved for presentation at the Board of Directors meeting.

- **Procurement Committee**

Membership of the committee comprised of Mr. Michael McFarlane – Chairman, Ms. Vannessia Stewart, Ms. Ann Clarke and Mrs. Nadine Williams.

The committee met on May 13, 2019 to review proposals for the procurement of:

- Financial Auditor
- Firewall Software

Approval was given for the engagement of C. R. Hylton & Co. for providing Financial Auditing services and procurement of the Firewall Software from Any3 Connect Ltd.

Board Performance Evaluation

The MAJ did not complete a Board Performance Evaluation in the reporting period 2019-2020 as the Authority is currently awaiting the Performance Evaluation template that is to be developed by the Ministry of Finance and Planning to be issued/released.

Corporate Social Responsibility

The MAJ being a socially responsible organization has sought to carry out its corporate social responsibility to bolster its image and build its brand. This was done in several ways as shown below:

- Annual Christmas treat for the Reddie's Place of Safety
- Provided work experience for school leavers through the National Youth Service and Tourism Enhancement Fund initiatives
- Participated in the annual Digicel Foundation 5K Run/Walk event
- Attended and participated in various school's career day events



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

REPORT OF THE BOARD OF DIRECTORS

JAMAICA SHIP REGISTRY (JSR)

The engagement a private investor through the Public-Private Partnership (PPP), to market and operate the JSR, picked up momentum during the year as the Cabinet Approval was received. The project is now schedule for completion in September 2021.

The JSR continues to make steady growth over the period with an increase of 2.4% in vessel registrations, despite operating in a competitive environment where the perception of quality service is primary in choosing a Flag. In addition, relationships can be forged between the Flag representative and the owner, captain or documentation agents which can be advantageous in vessels being registered. It is noticeable though, that the number of deletions over the period realized a decreased by 3.28% over the period. However, the deletion for international vessels increased by 15.22%. The primary deletions occurred with yachts recording an 11.63% increase in deletions.

The international tonnage on the Register of ships totalled 259,306.95gt. and generated direct revenue amounting to Eight Hundred and Twelve Thousand, Five Hundred and Ninety-Three Dollars and Twenty-Nine Cents of United States Currency (USD\$812,593.29); crewing and technical fees were not included.

The process of structuring the Fisheries Agency to give effect to the Fisheries Act is not completed and therefore the registration of Fishing Vessels was not realized. The Cruising Vessel platform is expected to be piloted early in the next financial year.

Although the Yacht Ensign is still not yet a reality, the JSR continues to experience registration of vessels but has seen increase in deletions. It is expected that the Cabinet Approval will be received before the end of the Financial Year.

Although registering a 24.2% decline over the previous period, the number of Seafarers issued with the Discharge Book continues to increase overall. We anticipate that as the provisions of the MLC2006 become incorporated into law, the number will again increase.

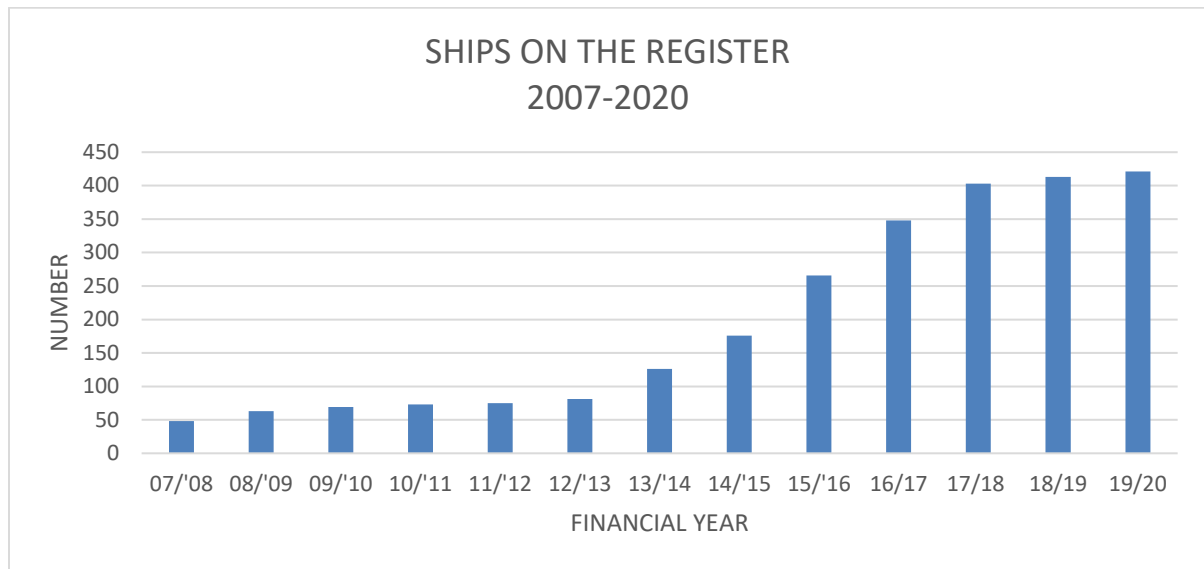


MARITIME AUTHORITY OF JAMAICA

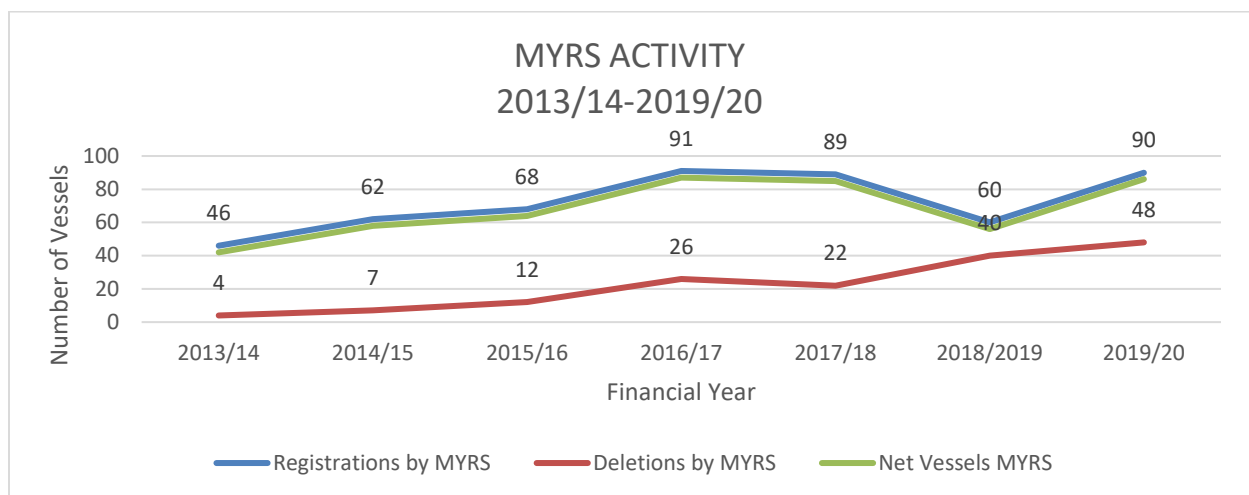
ANNUAL REPORT 2019-2020

Registration Activities

The number of ships classified as international (which include large domestic vessels) on the register, realized a net 2.4% increase to end the year at four hundred and twenty-three (423). The JSR continues to experience a low growth trend in the registration of vessels as is illustrated by the graph below.



The registration of yachts continues to primarily account for the level of activity demonstrated by the JSR. The graph below provides an indication of the trend in yacht registrations by Mega Yacht Registry Service (MYRS) over the years 2013/14 – 2019/20.



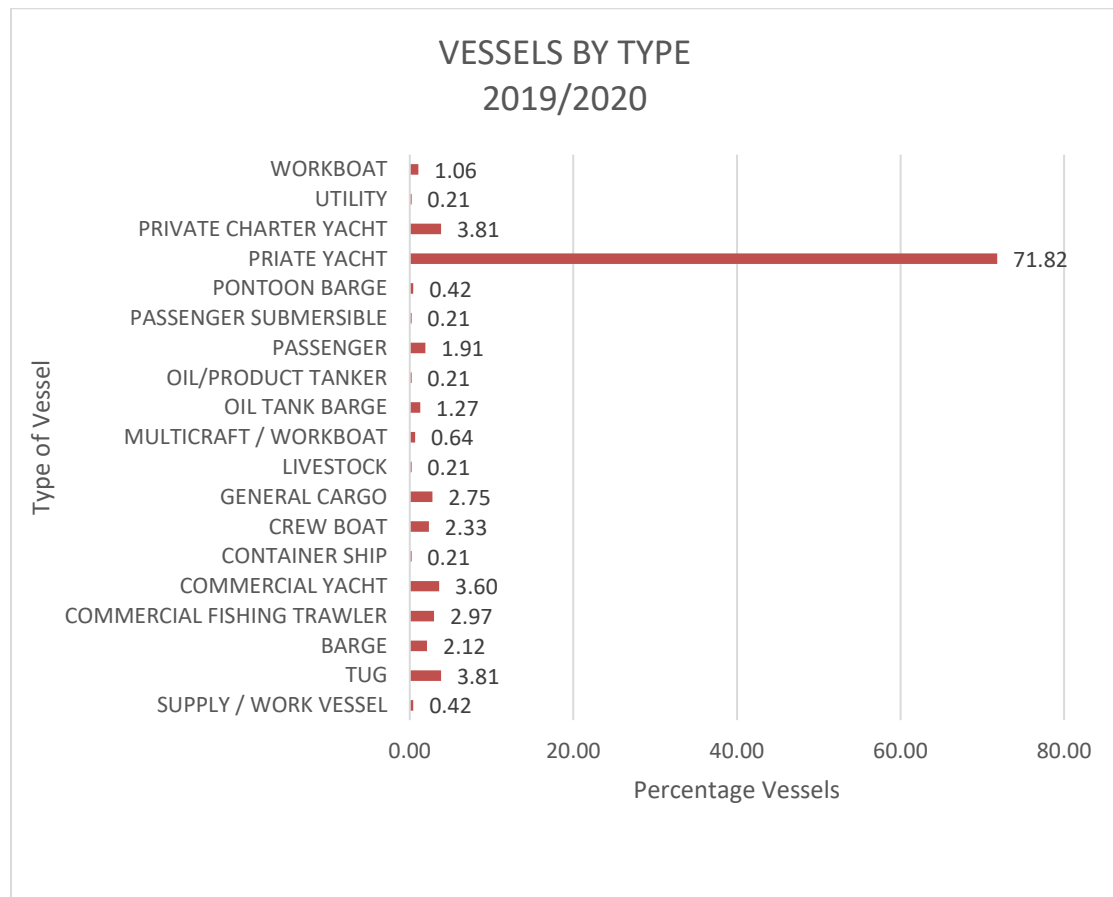


MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

The graph shows that there was a 50% increase in yacht registrations in 2019-2020, and deletions increased by 20% over the similar period. While there is a positive trend noted, there is still some concern about the increasing deletions. This is attributable in the increasing inability to distinguish between the JSR and its primary competitors (market leaders such as Grand Cayman and the Marshall Islands). In recognising the success of the JSR at their expense, the competition has sought to adjust their product to eliminate the competitive advantage held by the JSR. In addition, recent measures adopted by the USA, which requires that Yachts of over 300 gt based in US waters to be registered in the US, resulted in an increase in the number of vessels being deleted from the register, as they no longer find it necessary to flag outside the USA. The delay in providing the Jamaica Red Ensign, also served as a “push” factor for some owners to delete their vessels. The “off-loading” of vessels whether to replace them or simply to dispose of them, also explains the reason for the decline in vessels being registered.

Despite the challenges, yachts continue to be the major source of revenue for the JSR as it has the most vessels on the register with 79.9% in total. Private yachts accounted for 72.5%, private charter yachts were recorded at 3.81% while Commercial yachts were recorded at 3.6%. Tugs, another type of vessel only accounted for 3.81% of the total. The graph below shows the vessels by their types.



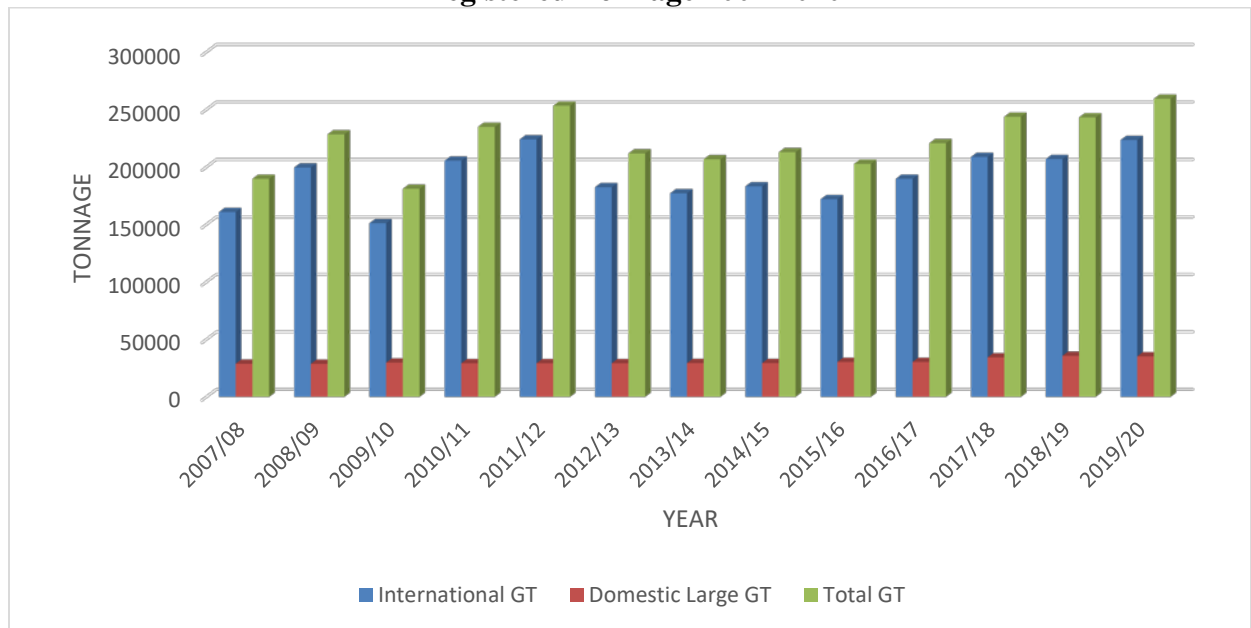


MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

The gross tonnage on the Register relates directly to the number of vessels on the register, as vessels vary in size and construction, thus determining the tonnage of each. Therefore, the relationship between tonnage and the number of vessels is consequently not one of direct proportionalities. With a yacht typically smaller and lighter than the average commercial ship (or of equal length), the addition or removal of a commercial ship, will have a far more noticeable effect on the total tonnage than that of the average yacht. Nonetheless, the gross tonnage grew to 259,306.95gt, a 6.67% increase over the previous year which is mostly due to the registration of yachts. The graph below gives an indication of the change in tonnage on the Register of Ships over the years 2006/7 to 2019/20.

Registered Tonnage 2007-2020



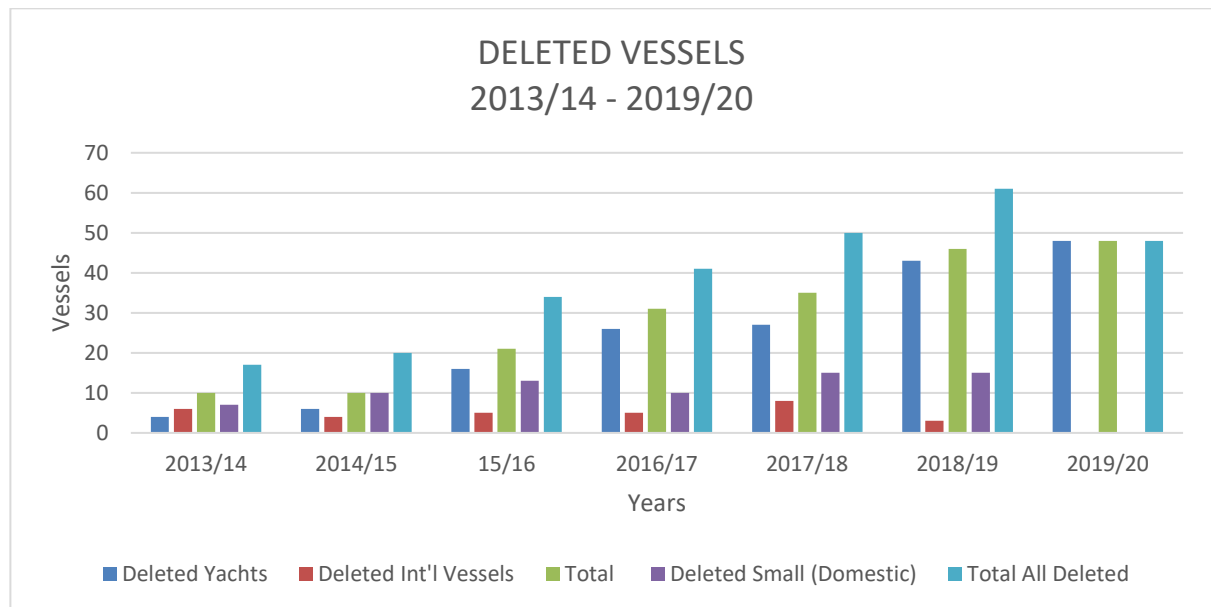
It should be noted from the graph that the tonnage on the Register is not significantly impacted by the deletion of the yachts.



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

The graph below provides a profile of the vessels deleted over the years 2013/14 to 2019/20.



A total of forty-eight yachts were deleted over the period. This is in comparison with the forty-three yachts that were deleted during the previous year. Twenty-three vessels were deleted over the similar period in 2016/2017.

The Florida representative continues to allude these deletions to:

- a change in the US Government's policy in requiring yachts over 300 gt operating in US waters to register in the USA,
- some long-standing owners of yachts with the JSR had become disillusioned by the deferred prospects of a Jamaica Red Ensign.

The acquisition of Ensigns is advanced as a Cabinet Decision on January 6, 2020 gave approval for the adoption and implementation of distinct and distinguishing civil maritime ensigns classification for Jamaica, for use onboard Jamaican registered vessels and government vessels.

The Register of Small Vessels contains vessels under 24 metres that are registered and primarily moored in Jamaica. There are One Thousand, One Hundred and Sixty-Two (1162) vessels on the Register, an increase from 1097 noted in the previous period. Vessels engaged in water sport activities represent most of the vessels on the Register. It is expected that when the Fisheries Bill is passed into law the registration of Small Vessels will increase significantly.



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

Deputy Registrars

The MAJ currently engages seven Deputy Registrars/Agents to provide support in marketing the Registry. Of that number, only six have been active within the last four years and of that number, only two may be described as active with registrations effected within the last twelve months.

Current Deputy Registrars/Agents accounted for 58.8 % or 126,907 gt of the total tonnage on the Register of Ships. The remaining tonnage is attributed to the efforts of independent interests, previous Deputy Registrars/Agents and the MAJ/JSR.

The three main Deputy Registrars are noted below.

- **Malta**

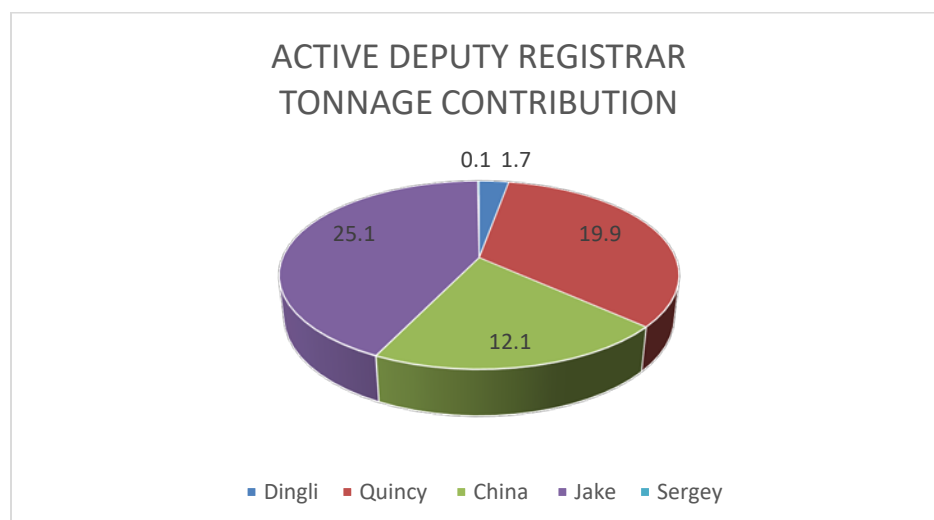
Kevin Dingli of Dingli and Dingli, Advocates, Solicitors and Notaries Public, Agent of the Maritime Authority of Jamaica and Deputy Registrar in Malta, continues to represent the Flag with seven vessels.

- **Florida**

The Deputy Registrar for the USA, the Mediterranean and the Caribbean, Mega Yacht Registry Services, continues to be the leader in the provision of vessels for the Flag with 350 vessels on the Register out of a total of 423. A new agreement with proposed revisions is being negotiated with MYRS. **Ukraine and Turkey**

Mr. Sergey Gudko of Marine Safety Management Limited, DR for Ukraine and Turkey, continues to represent the Flag with nine vessels. The planned expansion of operations into Turkey has been derailed but is still an objective of the representative.

The proportion of total tonnage attributable to current Deputy Registrars/Agents is depicted in the graph below.





MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

JSR Marketing

The MAJ has always sought to participate in marketing activities for the JSR despite the limited funds available. The marketing of the JSR has largely been centred around the yacht registry, where the Deputy Registrar in Florida continues to realize success, though slightly diminished over the period in growing the number of yachts admitted onto the Register through direct marketing efforts. His efforts have been complemented by the continued attendance of the JSR representatives at the Boat Shows in Florida.

The 60th staging of the Fort Lauderdale International Boat Show held October 31- Nov 3, 2019, lived up to the expectations of the organizers and provided opportunities for the JSR. The JSR team were able to visit seventeen Yachts flying the Jamaican Flag. The Captains of the Yachts had commendations for the Flag and the Florida Representative. However, one Captain had a complaint regarding challenges being experienced with the representative. This gave rise to several recommendations for improvements of the service offered by the JSR.

The implementation of a Cruising Permit for visiting yachts has sought to allow MAJ to be more aware of the movements of these vessels and to capitalize on revenue potential once they enter the Jamaican waters. A platform has been developed for the issuing of Cruising Permits for each visiting yacht and arrangements have been made with the Royal Jamaica Yacht Club for a testing of the software before it is launched to the wider yachting community.

The Software allows for the online application of a Cruising Permit before entry into the Jamaican waters and once inward clearance has been granted by the Jamaica Customs Agency then the Cruising Permit is generated and issued via email to the applicant.

Local Trade

The Local Trade activity is the commercial engagement of a vessel in Jamaican waters. While Local Trade is the right of duly certificated Jamaican vessels, foreign vessels may be afforded the privilege of trading where no Jamaican vessel is available. This privilege is evidenced by a Local Trade Certificate, issued by the MAJ. The Local Trade Certificate is evidence of authorization to engage in activities specific to a sector or industry, for which a licence or other certification may be required.

The MAJ realized U\$272,240.76 from ten Local Trade Certifications over the period, of mainly vessels engaged in Bunkering activities. Local Trade certification remains an activity that is driven by market forces and sector opportunities and is therefore reasonably unpredictable.

JSR Public-Private Partnership

The project of engaging a Public-Private Partner (PPP) for the JSR continues with earnest. The final report on the value of the JSR was delivered by Price Waterhouse Coopers ascribed an enterprise value based upon the Discounted Cash Flow methodology. Cabinet granted its approval on November 25, 2019 for the PPP to go forward to the Transaction (Business) Phase of the project using the Restricted Bidding Tender methodology. Cabinet made subject for its subsequent



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

approval any amendment to legislation to allow for the delegation by the MAJ of agreed functions to the selected concessionaire.

The JSR Enterprise Team (JSRET) instituted weekly project team meetings to ensure the project deadlines were met. The Transaction Advisors, International Marketing Strategies (IMS) Inc., submitted the Procurement Plan along with an initial list of potential investor interests for consideration. The JSR Privatisation Request for Proposal was also submitted for review by the JSRET, along with the revised budget for the project. Steps are now being taken to secure the intellectual property rights of the brand “JSR”.

SEAFARER ENGAGEMENT AND WELFARE

A new global paradigm was introduced in November 2019, with the emergence of the novel Corona Virus (“COVID-19”), in Wuhan China. As an effort to curtail the spread and impact of the pandemic on Jamaica, the Country’s borders were closed to non-cargo traffic on March 24, 2020. As countries world-wide began closing their borders to travellers, Seafarers found themselves increasingly stranded onboard ships or simply unable to travel home. Jamaican Seafarers too, found themselves stranded onboard many of the world’s vessels with the largest numbers being onboard the floating “incubators” of the virus – Cruise Ships. Strategies are being explored in respect of the repatriation of Jamaicans and Jamaican Seafarers left stranded with the closing of borders by States worldwide,

On March 27, 2020, the IMO released in Circular No. 4204/Add.6 “Preliminary List of Recommendations for Governments and Relevant National Authorities on the Facilitation of Maritime Trade during the COVID-19 Pandemic”, stated its guidelines for treating with shipping during the pandemic. The Circular recommended, among other things, the designation of Seafarers as essential workers by States, to allow for their free movement to and from vessels in relation to fulfilling their contractual obligations. The MAJ is intending on incorporating the IMO guidelines in the provisions of the Government of Jamaica for handling the pandemic, to safeguard the interest of Seafarers during the pandemic.

The Registrar issued a total of 176 Discharge Books during the period, of which 24 were to technical Seafarers, which included cadets, Able-bodied Seamen, and Oiler/Ratings; 77 were to hospitality workers, and 60 were to non-Jamaicans (yacht crew).

A major objective of the of the department was achieved over the period, with the finalization of the Seafarers’ Database. The database provides the platform for the registration of seafarers serving in both the technical maritime and non-technical capacities, in accordance with the MLC 2006. The process of populating the database has commenced.

Day of The Seafarer

Throughout 2019 there was a strong emphasis throughout the maritime world on the importance and value of women within the professional ranks. Much of this is driven by the World Maritime Day theme, **“Empowering Women in the Maritime Community”**. Thus, the theme “I am onboard with Gender Equality” for the Day of the Seafarer. It provided an opportunity to highlight



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

opportunities for women, as well as the contribution they were already making, in a wide range of maritime careers and professions, but the focus will be very firmly on one aspect of that community, seafarers.

To celebrate the Day of the Seafarers, visits were made to their work environment as well as they were presented with branded tokens.

The Activities coordinated by the Registrar of Seafarers included:

- *Seafarers Appreciation Day promotion* at the MAJ Office. The Office was decorated with features of the theme and seafarers visiting the office were given branded tokens.
- *The issue of branded tokens* by a Team from the MAJ, headed by the Registrar of Seafarers, to Seafarers onboard vessels in various ports as shown below:

Freeport Terminal, Montego Bay



Captain of Portside Towing Tugboat



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

Freeport Terminal, Kingston



Ocean Jay Towing Crew and MAJ Personnel at Freeport Terminal, Kingston

Fersan Pier, Kingston



WIP Crew onboard the Tug Orion displaying their Tokens



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

Harbours Department Port Authority



Seafarers from the Harbours Department with MAJ Registrar of Seafarers, Dawn Doyley

The visits gave seafarers an opportunity to air their concerns and provided the Registrar an opportunity to interaction with them. They were pleased to be recognized by the MAJ and pledged to promote the MAJ as they continue to perform their duties to the best of their abilities.

The MAJ Facebook was also used as a means of promoting the Day of the Seafarer, featuring videos of the Secretary General's message along with that from the Director General of the MAJ. Pictures of seafaring and highlights of the Day's activities were also posted with the page being monitored for 'live' interaction by the MAJ with fans of the page.

Crew Complaints

The MAJ continued to seek after the interests of Seafarers being Jamaican or non-Jamaican on Jamaican ships. Five complaints from yacht crew were received over the period. Three complaints pertained to wages, termination and compensation. One pertained to repatriation costs and the other, the return of personal effects left onboard. The JSR has been commended by seafarers for its effort in providing them assistance.



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

SHIP INSPECTION AND SURVEYS

To protect the safety of life and property at sea, as well as to protect the marine environment, consistent with the prudent and responsible development of Jamaican shipping, is achieved through the survey and inspection of vessels for maritime safety and pollution prevention measures, examinations and certification of seafarers and the investigation into accidents and casualties at sea. In fulfilment of its mandate, the MAJ relied on inhouse marine surveyors and inspectors and a global network of ship surveyors for compliance with the domestic legislation and international standards.

To ensure the protection of the marine environment the Directorate is responsible for conducting:

- Port State Control inspections
- Flag State inspections
- Local trade inspections
- Inspection of tourism/water sports vessels
- Marine Casualty Investigations
- Examination and Certification of seafarers

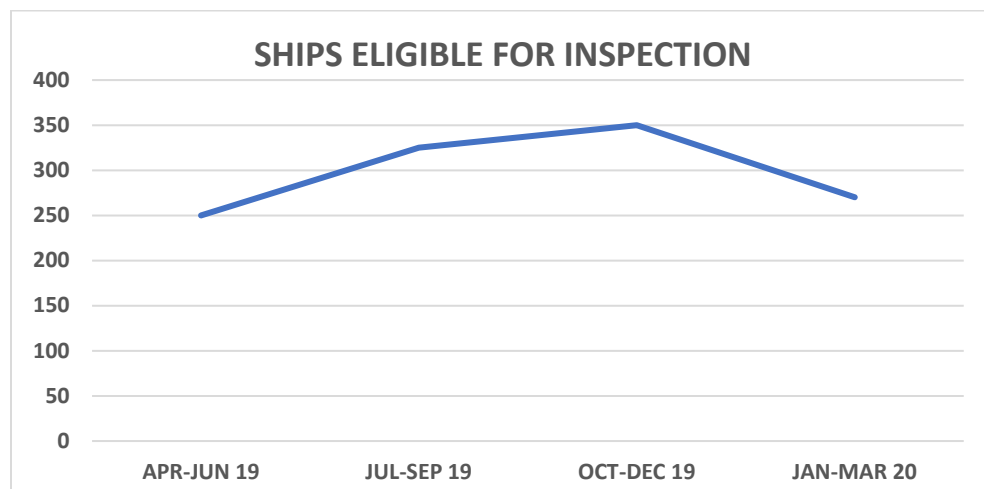
Port State Control Inspections

Port State Control (PSC) inspections are conducted on marine vessels calling at Jamaican ports to ensure that they are operating at international standards of maritime safety, pollution prevention and seafarer welfare. PSC also helps to keep sub-standard ships out of Jamaican waters and the wider Caribbean.

The Memorandum of Understanding (MOU) on PSC signed by Jamaica with other Caribbean countries, requires Jamaica to inspect at least 15% of foreign-flagged vessels calling at its ports.

Ships visiting the Jamaican ports during the period had seen an increase throughout the 2019 period, however a downward trend was noticed January and March of 2020.

The graph below highlights vessels that were eligible for inspection during the period.



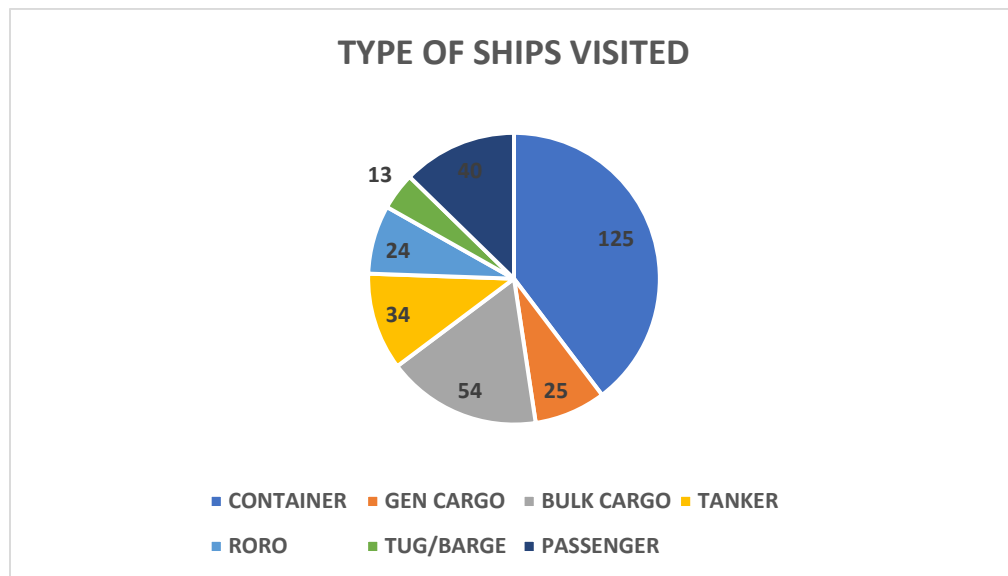


MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

Containerized Cargo vessels continue to be the predominate type of ships that traversed the Jamaican waters and accounted for 40% of the total number of ships visiting the Jamaican Ports. There was also a significant increase in the number of Bulk Cargo ships that accounted for 13% of eligible ships visiting the Jamaican ports.

The chart below shows the type of ships visited during 2019-2020



PSC inspections amounted to One Hundred and fifteen (115) inspections during the period. This is less than what was budgeted which could be attributed to a large percentage of visiting ships being repeat callers. Under the MOU they may not be inspected more than twice per year in the region or at other Regional MOU ports where they were inspected and so would be ineligible for PSC inspection in Jamaica.

The table shows the comparisons of PSC Inspections over eight years:

Period	Target	Actual
2012/2013	192	141
2013/2014	141	150
2014/2015	121	163
2015/2016	144	180
2016/2017	150	162
2017-2018	150	77
2018-2019	165	102
2019-2020	150	115

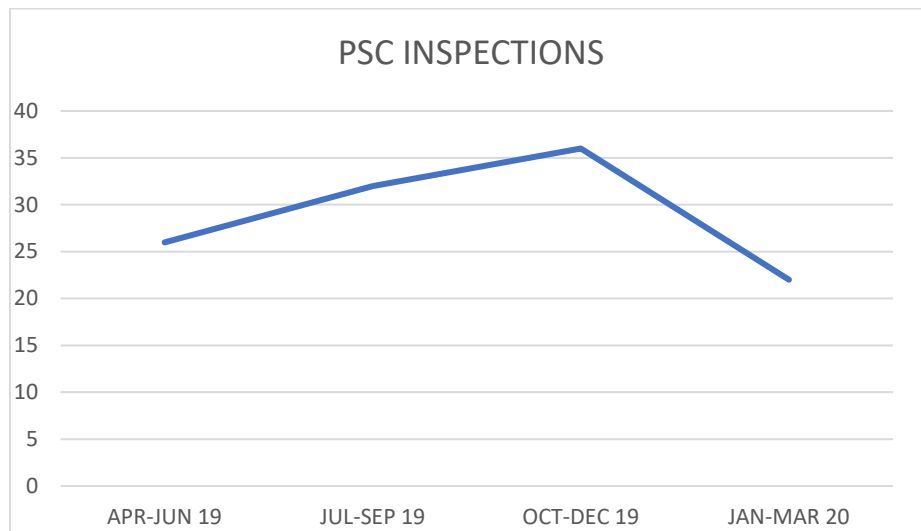


MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

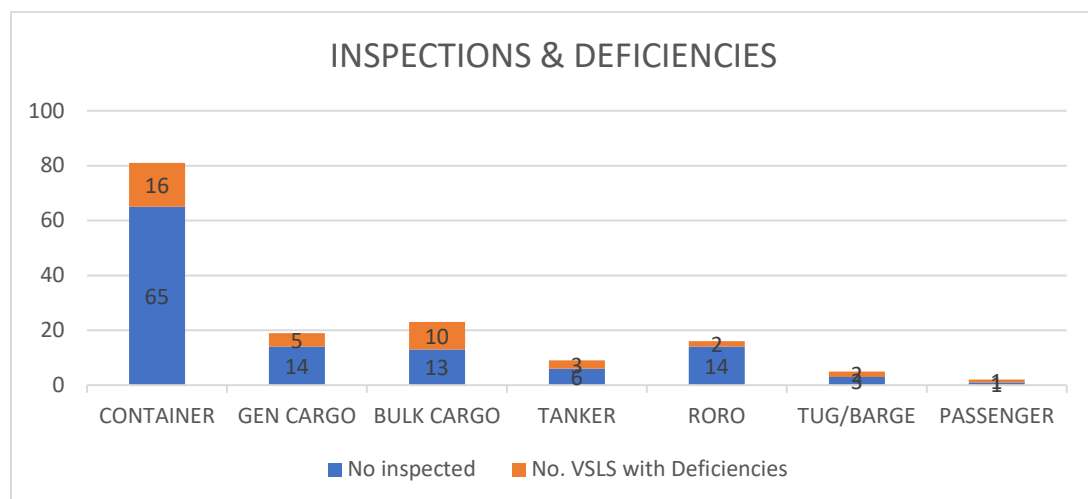
For the period April to December 2019 there was an increase in the number of PSC inspections and for the first quarter of the 2020 there was a decline. This attributed to the trend of the ships that visited the ports during the period and the reduction in the number eligible visiting ships can be as a result off the COVID-19 Pandemic.

The graph below shows the trend of inspections conducted.



Of the One Hundred and Fifteen (115) inspections done, thirty-eight (38) had deficiencies and Two (2) were detained due to serious safety deficiencies and sub-standard conditions onboard the vessel.

The chart below shows the comparison of ships inspected against those with deficiencies.

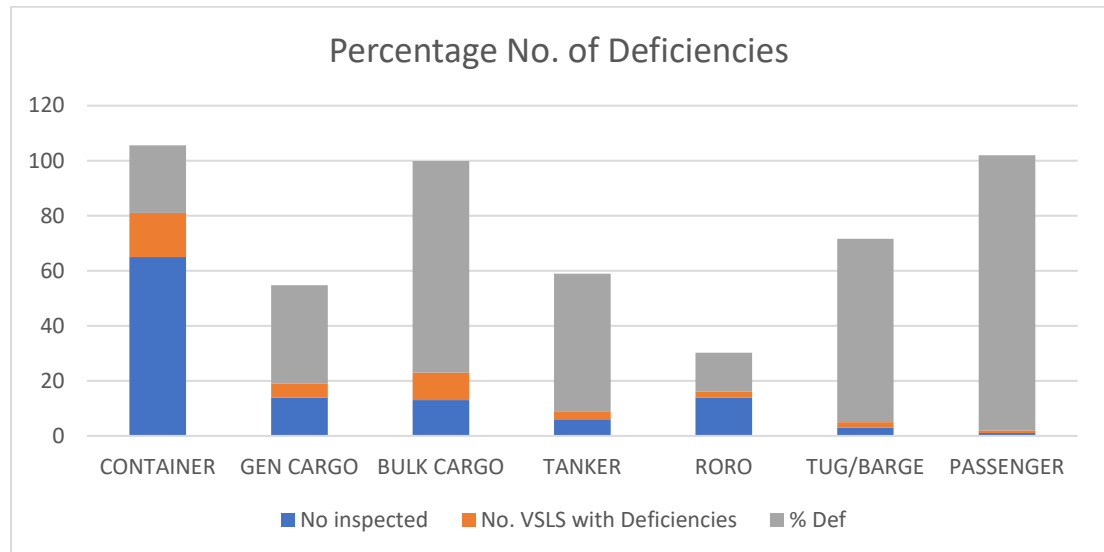




MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

The percentage number of deficiencies is noted in the chart below.



The sole passenger ship inspected was awarded deficiencies, which resulted in that category having the highest percentage number of deficiencies. Bulk Carriers was second in the ratio of inspections with observed deficiencies. Of the three Tugs that were inspected, two were awarded deficiencies that resulted in both Tugs being detained. Consequently, Tug/Barge recorded the third highest ratio of inspections with observed deficiencies.

Flag State Inspections

Flag State Inspections are conducted on vessels registered under the Jamaican flag operating in Jamaica or globally. They are inspected to ensure they are compliant with international regulations.

During the period, ten (10) Flag State Inspections were conducted for Safety, Environment Protection, Certification and ILO matters. 06 ISPS Ship Security Assessment, and six (6) International Ship and Port Facility Security Code (ISPS) Ship Security Assessment. There were also 41 Minimum Safe Manning Certificates issued.

The table shows comparisons of Flag State inspections over eight years:

Period	Target	Actual
2012/2013	16	12
2013/2014	16	22
2014/2015	17	17
2015/2016	17	18
2016/2017	16	22
2017-2018	16	16
2018-2019	32	15
2019-2020	32	10



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

Local Trade Inspections

Local Trade inspections were conducted on foreign-flagged ships that have permission to operate in Jamaica's territorial waters. They are rigidly inspected to ensure that they maintain high safety and environmental protection standards as required by the relevant International Conventions. The inspections also serve to verify that the crew are properly trained, managed, and accommodated.

Among these vessels are the foreign-registered tankers engaged in bunkering and numerous foreign tugs that are periodically engaged in operations exclusively in Jamaican waters.

Over the period, twelve (12) local trade inspections were completed which met the target.

The Table shows comparisons of Local Trade Inspections over eight years:

Period	Target	Actual
2012/2013	10	10
2013/2014	10	13
2014/2015	10	19
2015/2016	10	29
2016/2017	10	31
2017/2018	16	38
2018-2019	14	21
2019-2020	12	12

Small Vessel Safety Inspections

Small vessels include those operating in the local tourism water sports industry as well as commercial fishing vessels and private pleasure crafts. These inspections play a very important role in ensuring the safety of locals and visitors utilizing those vessels.

It is recognized that several of the private vessels that operate around the coast remain unregistered. These are sometimes used to transport passengers and there is the risk of loss of lives due to lack of compliance with safety standards. With the assistance of the Marine Police and the Coast Guard it is intended to enforce the law in having these vessels registered. Registration of these vessels will improve maritime safety and protect the marine environment.

During the period under review Two Hundred and Thirty-Nine (239) new non-motorized vessels were surveyed and Eight Hundred and Sixteen (816) were inspected for renewal. One Hundred and Thirty (130) new motorized vessels were surveyed and Three hundred and Thirty-Eight (338) motorized vessels, were inspected for renewal. Total vessels inspected amounted to One Thousand, Five Hundred and Twenty-Three (1,523). This surpassed the target that was initially set for the period.



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

The Table shows comparisons of Small Vessel Safety Inspections over an eight-year period:

Period	Target	Actual
2012/2013	1,300	1,254
2013/2014	1,300	1,173
2014/2015	1,300	1,663
2015/2016	1,300	1,438
2016/2017	1,350	1,308
2017/2018	1,400	1,912
2018-2019	1,350	1,501
2019-2020	1,300	1,523

Examination and Certification of Seafarers

The MAJ has oversight responsibilities for the examination and certification of seafarers. This includes approval of training standards at CMU and other approved training institutions, monitoring and auditing of such institutions, examination of the seafarers at the completion of their studies and the issue of certification to those students that are successful in their examinations.

Additionally, certificates of endorsement are issued to foreign seafarers working on Jamaican ships trading internationally. The endorsements are issued based on an evaluation of the training received and the conclusion of a reciprocal agreement between Jamaica and the State.

The Authority also examines and issues local boat handlers with coxswain licenses. These persons are primarily engaged in the tourism water-sports and fishing industries.

During the period, the following activities were conducted:

- STCW Certificates of Competence (COC) revalidated – 7
- STCW COCs, new issued – 37
- Certificate of Proficiency – 223

The table below shows the examinations and certifications conducted over eight years:

Period	COC Revalidated	COC New	Endorsement attesting further training	Certificate of Proficiency
2012/2013	18	50	62	0
2013/2014	29	66	51	0
2014/2015	26	31	41	0
2015/2016	44	53	11	127
2016/2017	151	70	0	874
2017/2018	43	26	0	357
2018-2019	13	36	0	155
2019-2020	7	37	0	223



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

It is to be noted that “Endorsement attesting to further training” has been phased out and replaced by “Certificate of Proficiency”.

Examination for the Issuance of COC

During the period, Four Hundred and Fourteen (414) examinations were conducted by the Authority for CMU students and other candidates in a range of subject areas. The areas covered were:

- Engineering
- Navigation
- Maritime law

The examinations conducted for COC over eight years are shown in the table below:

Period	Target	Actual
2011/2012	440	652
2012/2013	440	699
2013/2014	440	617
2014/2015	440	588
2015/2016	440	528
2016/2017	440	562
2017/2018	300	96
2018-2019	300	248
2019-2020	440	414

Examinations conducted for 2019-2020 was less than the target. This reduction was as a result of the CMU making changes to their programme and students opting to participate in the Work/Study programme during the summer rather than sit examinations.

Reciprocal Recognition Endorsements

The Authority has formal agreements with several countries for the reciprocal recognition of seafarer certification. This facilitates recognition and endorsement of certificates of seafarers who are not Jamaican nationals, employed on Jamaican ships and likewise Jamaica seafarers serving aboard foreign ships. During the financial year, Three Hundred and Thirty-Three (333) Reciprocal Recognition Endorsements were issued to foreign seafarers engaged onboard Jamaican registered ships as well as Jamaican seafarers trained abroad.



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

Endorsements issued over eight years are shown below:

Period	Target	Actual
2012/2013	120	207
2013/2014	120	222
2014/2015	120	208
2015/2016	120	347
2016/2017	120	333
2017/2018	400	345
2018-2019	360	277
2019-2020	400	333

Coxswain Licenses

The Authority also tests and issues local boat handlers with coxswain licenses. For the year, Two Hundred and Seventy-Two (272) coxswain licenses were issued to boat handlers. This is an increase of Thirty-Two (32) when compared with the previous year.

A total of One Hundred and Fifteen (115) coxswain examinations were conducted over the reporting period: a decrease of Twenty-Three (23) examinations over the previous period.

Coxswain licenses issued over an eight-year period are shown below:

Period	Target	Actual
2012/2013	120	157
2013/2014	120	120
2014/2015	120	212
2015/2016	120	161
2016/2017	120	154
2017/2018	150	237
2018-2019	150	240
2019-2020	100	272

Marine Casualty Investigations

The MAJ has responsibility under the Shipping Act to conduct investigations into marine casualties in Jamaican waters as well as in relation to Jamaican vessels anywhere they occur. The aim is to help prevent further avoidable accidents from occurring, not to establish blame or liability. The investigations are to determine the causes of accidents at sea, provide published reports inclusive of recommendations on improving safety at sea and the actions taken.

The Authority increases awareness of how marine accidents happen and improves national and international co-operation in marine accident investigations.



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

During the period there were **five (5)** marine casualty enquiries.

They are as follows:

- Pilot Boat Kingston 1 – Grounding April 13, 2019
- F/V Plucky – Capsized August 4, 2019
- M/T Moscow Spirit/Kalymnos – Oil Spill November 6, 2019
- MV Thorn Solution/WIP Orion – December 4, 2019
- Tug Deborah K. Wariner – Grounding off Montego Bay February 3, 2020

Discussions with the JCF and JDF Coast Guards were held to improve monitoring and enforcement activities within these areas.

Steps are also being taken to amend the Harbour Rules 1971 to introduce new safety standards and higher penalties.

DEVELOPING JAMAICA AS A SHIPPING CENTRE

The MAJ continues its endeavour to play its role in the National Development Plan – Vision 2030 and to pursue the developmental mandate to make Jamaica a maritime shipping centre with the aim of generating employment through a range of economic activities.

This led to a study “The Development of a framework for Positioning Jamaica as a Shipping Hub” commissioned by the Commonwealth Secretariat on behalf of the MAJ which was completed in 2010. The Study recommended that crewing, dry-docking and bunkering activities should be pursued as a first step or level one in the thrust to develop the Country’s maritime cluster. Since that time, sector-specific studies have been completed on bunkering in 2012 and dry-docking in 2015 and the recommendations are being implemented.

Bunkering

The study on bunkering noted that Jamaica can benefit from increases volume of bunkers supplied to vessels calling at Jamaica ports after transiting through the Panama Canal.

The MAJ has sought to ensure that the industry is operating according to prescribed standards and therefore has developed policy and safety guidelines which promulgated to the bunkering operators. Bunkering regulations to facilitate the licensing of suppliers and operators on bunker barges has been drafted, reviewed and returned to the Office of the Chief Parliamentary Council. This is a companion regulation to the Marine Pollution Bill which is also being finalized. To ensure compliance to guidelines random inspections are regularly done.

The success of Jamaica’s inaugural International Bunkering Industry Association (IBIA) Caribbean Bunker Conference held in 2018 spurred the hosting of a second conference in September 2019. The MAJ partnered with IBIA and Ship & Bunker to hold the conference that was based on the theme “**The Caribbean Journey to 2020 Compliance.**” The conference addressed compliance solutions as Jamaica advances its capabilities as a bunkering nation.



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

Dry Docking

Dry-docking operations is an area that can be developed in Jamaica based on the study on the Shipping hub study. With the conclusion of this study significant strides were made for the establishment of the dry-docking operations at Harbour Head, Kingston. German Ship Repair Jamaica Ltd, a company with local and German interest have identified the final portion of the financing required to proceed with the construction of a floating dry-dock in Turkey. commissioned three vessels which carried out preparatory work for the dry-docking operations.

MAJ has been making progress in promulgating the Code of Practice for Safety and Health in Ship Building and Repair promulgated by ILO. The Occupational Safety and Health Bill recently laid in the Houses of Parliament by the Ministry of Labour and Social Security (MLSS) is still being reviewed, following which discussions will be held with MLSS relative to the division of responsibilities as it pertains to ship repair facilities.

LEGISLATION ACTIVITIES

The MAJ executes its functions primarily under the Shipping Act, 1998 and can therefore only fulfil its mandate effectively with modern legislation which reflects current International Conventions particularly those of the International Maritime Organization (IMO) and the International Labour Organization (ILO). The legislative mandate of the MAJ is therefore critical to its overall success.

In addition to the Shipping Act the Authority administers the following legislation (including amendment legislation) namely:

- Shipping (Local Trade Regulations) 2003
- Shipping (Registration of Ships) Regulations 2006
- Shipping (Fees) Regulations 2006
- Shipping (Fees) (Amendment) Regulations, 2013
- Shipping (Prevention of Collisions) Regulations 2007
- Shipping (Tonnage Measurement) Regulations 2007
- Shipping (Load lines) Regulations 2011
- Shipping (Medical Examinations) Regulations, 1998
- The Shipping (Training, Certification, Safe Manning, Hours of Work and Watchkeeping) Regulations, 1998
- Harbour (Amendment) Rules 2013



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

The MAJ through its Legal Department sought to continue its development and updating its legislative framework to reflect the IMO standards. These are categorized below:

- **Legislation to incorporate the Maritime Labour Convention 2006**

- **Shipping (Amendment) Bill, 2016**

This legislation incorporates standards governing living and working conditions on board ships to include, minimum age of employment, employment contracts, wages leave entitlement, medical benefits, repatriation, accommodation, food and the right to inspect vessels for compliance with these standards.

The draft Bill was reviewed, and comments provided to the ministry of Transport and Mining. The Bill was finalized prior to submission to the Legislation Committee of Cabinet.

- **Shipping (Prevention and Pollution, Response, Liability and Compensation Bill) 2010**

This legislation incorporates seven IMO Conventions dealing with the prevention of pollution, responding to oil pollution incidents, and the provision of compensation to persons who suffer damage as a result of the discharge of oil carried as cargo in oil tankers or as fuel for a ship.

Comments on the revised draft Shipping (Prevention and Pollution, Liability and Compensation Bill) 2010 were provided and submitted to the Ministry of Transport and Mining.

- **Legislation to Incorporate the MARPOL Convention**

- **Shipping (Prevention of pollution from Ships) 2018**

The legislation requires ships to meet equipment and discharge standards for oil, noxious liquid substances, dangerous goods in packaged form, sewage, garbage and air emissions.

The bill was reviewed and submitted to the Ministry of Transport and Mining.

- **The Shipping (Prevention of Pollution of the Sea) (Bunkering) Regulations 2020**

The regulations provide the legal framework for bunkering (transfer of fuel) in Jamaica including a licensing regime for bunker suppliers and bunker barge operators. Comments were prepared on the first draft of the draft regulations.



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

- **International Legal Instruments**

Directorate continued to represent Jamaica at the IMO FAL, LEGAL and IOPC FUNDS Committee meetings. During the period Jamaica was elected a member of the Executive Committee of the 1992 IOPC Fund.

- **MARPOL 73/78**

The Directorate continued to regulate the discharge of ship-generated waste in Jamaica. The Director continues to chair the interagency committee comprised of NEPA, PAJ, Ministry of Health and NSWMA.

The Directorate also continued to actively participate in national and regional maritime energy efficiency projects by participating in the Second Regional Maritime Technology Cooperation Centre (MTCC) Caribbean Workshop and Ocean Governance Conference and by being a member of the Regional Steering Committee of the MTCC Caribbean. Additionally, through the Global Maritime Energy Efficiency Partnership (GloMEEP) project the Directorate coordinated the development of a Port Emissions Assessment & Reduction Strategy for Kingston Freeport Terminal.

- **Other Conventions**

- **FAL Convention**

Comments were provided on the project document for Jamaica's accession to the FAL Convention and the implementation of the Maritime Single Window.

- **Maritime Labour Convention**

Submitted report for the Maritime Labour Convention, 2006 as amended (MLC, 2006) to the ILO. This Jamaica's first report on measures it has taken to give effect to the Convention.

- **FUND 1992**

The annual reporting obligations under the FUND Convention 1992 were discharged for the year 2018 and the reports submitted for the following companies:

1. JISCO
2. Alumina Partners of Jamaica
3. JAMALCO
4. PETROJAM



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

- **ILO Forced Labour Convention (NO. 105)**

Provided guidance to the to the Ministry of Transport and Mining in response to a report about Jamaica's status regarding the Abolition of Forced Labour Convention (No. 105).

- **Kigali Agreement to Montreal Protocol on Substances that Deplete the Ozone Layer**

The Directorate represented the Authority on the National Task Force established to consider Jamaica's accession to the Kigali Amendment

- **Other Legislation**

- **Occupational Health and Safety Bill**

Comments on the drafted Bill were submitted to the Ministry of Labour and Social Security (MLSS) for onward submission to the Joint Select Committee reviewing the Bill. A meeting was subsequently held with MLSS to discuss and clarify the comments.

The Legal Directorate provides support in other areas including, vetting work permit applications for foreign seafarers working on Foreign vessels operating in Jamaican waters before forwarding these to the Ministry of Labour and Social Security. It also prepares or reviews various MOUs and Agreements before engagement of services.

It is also responsible for ensuring that the Authority fulfils its obligations under the public Bodies Management and Accountability Act, and any other legislations.

The Directorate continue to provide legal advice in relation to several issues relating to the PPP.

INTERNATIONAL MARITIME ORGANIZATION (IMO) ACTIVITIES

IMO Council Elections

Jamaica was re-elected to IMO Council, Category C, on Friday, November 29, 2019, during the 31st session of the IMO General Assembly held at the IMO Headquarters in London, for the 2018-2019 biennium

The Minister of Transport and Mining, the Hon. Robert Montague led the Jamaican Delegation for the first time, which included senior officials of the Ministry of Transport and Mining; representatives from Jamaican High Commission to Great Britain, the MAJ, and the Secretary General, CMOU on Port State Control,



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020



Minister of Transport and Mining, Hon. Robert Montague (centre), with members of the Jamaican delegation to the 31st Session of the IMO General Assembly, held at its headquarters in the UK on November 29, 2019. Others from left are Councillor at the High Commission, Ms. Carol Lee-Lea; Chairman MAJ, Mrs. Corah Ann Robertson-Sylvester; Councillor, Ms. Renae Lloyd; Mrs. Jodi Munn-Barrow; High Commissioner. H.E. Seth George Ramocan; Ms. Tanya Bedward; Deputy High Commissioner, Mrs. Angela Rose-Howell; Mrs. Yvonne Barnett-Russell. At the back, from the left, are Mr. Bertrand Smith; Permanent Secretary MTM, Dr. Alwin Hales and Director General MAJ, Rear Admiral Peter Brady (Ret' d).

Hon. Robert Montague was elated at this achievement. He said, “At the IMO Assembly you are on the world stage with all the maritime powers. It is indeed remarkable and indicative of the level of respect accorded to Jamaica as a maritime State that our peers have recognized our contribution and re-elected us to serve on this august body. Being a member of the IMO Council gives Jamaica a representative voice for all maritime regulatory issues, enabling us to represent our nation, our maritime industry and other Caribbean States, who have similar economic profiles and maritime issues.”



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

Jamaica has been an active member of the IMO since the establishment of the MAJ and has served in several areas including having its Director General, Rear Admiral Peter Brady serve as the previous Chairman of the former IMO's Standards of Training and Watchkeeping (STW) sub-committee between 2002 and 2012, now called the Sub Committee on Human Element. The MAJ's Deputy Director General Claudia Grant currently chairs the Sub-Committee on Implementation of IMO Instruments (III). Jamaica was also selected as Lead Partner Country in a number, of IMO Projects, and regularly hosts regional capacity-building activities in collaboration with IMO.

The Chairman of the MAJ, Corah Ann Robertson Sylvester, had high commendations for the team which included the Director General of the Authority, Rear Admiral Peter Brady, who was at the heart of the country's campaign for re-election, having been appointed as the Special Envoy to IMO.



IMO Secretary General, Kitack Lim, being greeted by MAJ Chairman, Mrs. Corah Ann Robertson-Sylvester. Others looking on are Hon. Robert Montague, Minister MTM and Rear Admiral Peter Brady, Director General MAJ.



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

Rear Admiral Peter Brady was delighted with the outcome and indicated that Category C is special, as among other things, it seeks to give a voice to Small Island Developing States (SIDS), in maritime regulatory decision-making. “We take this responsibility seriously and try to participate in the work of the IMO to ensure that the interests and concerns of Jamaica, the Caribbean countries and SIDS in general, are adequately ventilated at this level.”, said Rear Admiral Peter Brady.

Maritime Awareness Week

The maritime community, both locally and internationally, celebrated World Maritime Day on Thursday, September 26, 2019 under the auspices of the IMO. This year’s theme is **“Empowering Women in the Maritime Community”**.

The MAJ, along with partners in the maritime community, spearheaded a week of activities, Maritime Awareness Week, in recognition of World Maritime Day. The week of activities was undertaken to create awareness locally, and to highlight the valuable role which women have been playing at all levels in Jamaica’s maritime affairs in the public service industry and civil society.

The week of activities included:

- **Church Service**

A church service was held to commemorate the start of Maritime Awareness Week, at Saxthorpe Methodist Church, where a ranking female member of the clergy Reverend Dr. Karen Durant-McSweeny delivered a sermon which aptly expounded the World Maritime Day theme.



Members of the Maritime Community that attended the Maritime Awareness Week Church Service



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

- **An Open House Exhibition**

An Open House exhibition was held at the Caribbean Maritime University (CMU) main campus for future students to explore career options in logistics, seafaring and related maritime areas.

Activities at the exhibition included three female seafarers sharing their experiences while at sea, booth displays, campus tours, competitions - ship modelling, song writing and singing representative of this year's theme; drill (cadet) routines and harbour tours.

- **A Women's Day Event**

A women's day event was held, where high school ladies engaged in meaningful discussions and activities about the roles, responsibilities and expectations of women in male dominated shipping related fields; how to combat stereotypes, negative energy, systemic barriers to success and how to maximize on the opportunities presented to them.



Ms. Billie-Gene Williams, MAJ Certified seafarer, sharing her perspective on issues to the Empowerment of Women in the Maritime Community at the Women's Day Event



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020



Meadowbrook High School Student participating in the Women's Day Event

On **World Maritime Day** the main event was the launch of the Mentorship programme of Women in Maritime Association Caribbean (WiMAC) Jamaica Chapter at a well-attended cocktail, which also provided networking opportunities, in keeping with the Association's mandate.



Ms. Nicole Graham, President of the WiMAC Jamaica Chapter, gave greeting at the Launch of the WiMAC's Mentorship Programme



MARITIME AUTHORITY OF JAMAICA ANNUAL REPORT 2019-2020



Attendees at the WiMAC Mentorship Programme Launch participated in a Balloon Release

Two newspaper supplements were published on World Maritime Day, featuring and honouring women in the maritime community, and the strides they have made in the sector.

International Day of the Seafarer

The day of the Seafarer is celebrated annually on the June 25. The day celebrates and recognizes the unique contribution made by seafarers from all over the world to international seaborne trade, the world economy and civil society. On the June 25, 2019 IMO called on everyone in the maritime world and beyond to get on board with this year's theme of gender equality and declare their support with it theme **“I Am On Board.”**

This year's Day of the Seafarer campaign, with its hashtag **#IAmOnBoard**, links with the IMO World Maritime Day theme, **“Empowering Women in the Maritime Community”**. Jamaica is proud to support the International Maritime Organisation's gender equality campaign, **‘I Am On Board.’**

Jamaica's maritime industry boasts females in all spheres of maritime professions who have made sterling contributions to the development of the industry and who continue to drive its success through their commitment, leadership and innovation. Jamaica's maritime community includes many female seafarers and cadets.



MARITIME AUTHORITY OF JAMAICA ANNUAL REPORT 2019-2020



Seafarers on a Port Authority's Vessel with MAJ Registrar of Seafarer Dawn Doyley

Jamaica is committed to empowering all women in the maritime community, and actively support the Women in Maritime Association Caribbean (WIMAC), whose mandate is to increase the participation and contribution of women to the maritime industry and provide mentorship and other support to female seafarers.



Ms. Monique Morrison, Maritime Awareness Week Committee Member, addressing the Female Seafarers at the WiMAC Mentorship Programme Launch



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

MAJ is actively involved in helping to train the next generation of female seafarers at international standards, through the Caribbean Maritime University, where women are provided the opportunity to be equipped to pursue seafaring careers.

To support the Day of the Seafarer, officials from the MAJ visited some of our island's ports to speak with seafarers in their workplace, listening to any concerns and offering our support. To signal our appreciation of these seafarers' dedication to their craft, we presented tokens to them. The MAJ congratulates seafarers and want them all to know how much they are valued.

OTHER ACTIVITIES

IBIA Conference

The Maritime Authority of Jamaica, in partnership with International Bunker Industry Association (IBIA) and Ship & Bunker hosted the second Caribbean Bunker Conference and workshop on September 9-12, 2019. The conference themed “**The Caribbean Journey to 2020 Compliance**”.



IBIA Director and IMO Representative, Unni Einemo, with Minister MTM, Hon Robert Montague; MAJ Board Chairman, Mrs. Corah Ann Robertson-Sylvester; and Director General, Rear Admiral Peter Brady after the IBIA's Opening Ceremony



MARITIME AUTHORITY OF JAMAICA ANNUAL REPORT 2019-2020

The Honourable Robert Montague, Minister of Transport and Mining, delivered the keynote address at the official opening of the IBIA Caribbean Bunker Conference. In highlighting Jamaica's opportunities to supply marine fuel, as the bunker and shipping industries consider regulatory changes brought on by IMO2020, Minister Montague stated, "The Government, through the MAJ, has not hesitated to ensure that the implementation of the necessary instruments promulgated by the IMO and the consequential enshrinement of those conventions into domestic law, predominately via the Shipping Act, receive priority."

The Minister pointed out that Jamaica, as with many other States within the wider Caribbean Region, is a signatory to the MARPOL Convention and has also acceded to the Annex VI which addresses the regulation of air emissions from ships.

The conference addressed compliance solutions as Jamaica advances its capabilities as a bunkering nation. At the same time, I have been advised by our local refinery that compliant fuel will be available in Jamaica," Minister Montague said.

The conference was positioned at a key point on the global IMO 2020 timeline when many vessels would have started their transition to 0.50% bunker fuels. This IBIA Caribbean Bunker Conference (ICBC) was one of the first events where delegates benefitted from the real-world experience of IMO2020's impact.

The conference boasted capacity building components and networking opportunities, as it brought together bunker buyers, suppliers and operators to consider the impact of the new IMO sulphur rule. Discussions covered compliance solutions, enforcement and the availability of new fuels.



Bertrand Smith, Director Legal Affairs MAJ, giving the Vote of Thanks at the close of the IBIA Conference



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

Minister, Hon. Fayval Williams, Jamaica's Minister of Science, Energy and Technology was also in attendance and discussed Petrojam's readiness for IMO2020 as a bunker supplier, and in her keynote address at the official dinner hosted during the conference, indicated that through Jamaica's local refinery, compliant fuel will be available in Jamaica.



Hon. Fayval Williams, Minister of Science, Energy and Technology giving an address at the Official Dinner held during the IBIA Conference



Members of staff from the MAJ and CMU enjoying a light moment at the Official Dinner. From left to right are Michael McFarlane, Director Corporate Services MAJ, Nadine Williams, Office Manager and Coordinator of the Event, and Jermaine Reid, Director Legal Affairs CMU.



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

Courtesy Call from Principal Secretary, Shipping & Maritime Affairs, Kenya

The Principal Secretary, Shipping & Maritime Affairs, Kenya, Nancy Karigithu, made a courtesy call on the Maritime Authority of Jamaica on August 5, 2019. She met with Director General and other Directors of the Authority.



Principal Secretary, Nancy Karigithu, accepting a token from Rear Admiral Peter Brady and other Senior Management Staff

MAJ Director General appointed to CMU Council

Prime Minister of Jamaica, the Most Hon Andrew Holness, announced a new council (board) for the CMU on January 28, 2020.

Rear Admiral Peter Brady was named among the 21-member council, which will be chaired by the current chairman of the Port Authority of Jamaica (PAJ), Professor Gordon.

School Outreach

On an invitation from Norman Manley High School the Maritime Authority of Jamaica participated in the school's Annual Girls Day activities on Friday, November 29, 2019.

The MAJ welcomes opportunities to participate in such school activities, to expose students at the secondary level, to the work of the Authority and to enlighten them about maritime careers. The event allowed MAJ personnel to interact with some 300 students. Branded items for giveaway, were well received by attendees.



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020



Seafarer Danar Royal Interacting with the Students at Norman Manley High School

MAJ Responds to Needs of Clients during COVID-19 Pandemic

In response to the difficulties brought on by the COVID-19 Pandemic the MAJ acted to assist ships and seafarers by extending licenses and postponing the renewal of official documentation for several months.

This policy position was approved by the Minister of Transport and Mining, the Hon. Robert Montague, who emphasized the critical importance of an uninterrupted supply chain for global trade. He noted that our seafarers must feel confident that the validity of their documents will remain so during this challenging period.

This move will enable seafarers to work on board Jamaican flagged vessels for longer in cases where they cannot transit home and will enable ships to operate legally even if their documentation has recently expired or inspections cannot be carried out.

Jamaica's Flag State, Jamaica Ship Registry (JSR) has announced a reprieve for certifications facing expiration, including certificates of registry, and various licenses for vessels, as well as endorsements and record books for seafarers. In most cases these will be extended for three



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

months. Time allowed for vessel surveys, inspections, registrations, and medical examinations was also extended.

The waivers are listed in the MAJ's circular, Validity of Certificates - Coronavirus (COVID-19), sent to the IMO: These measures include:

- **Registration Documentation:**

A copy of the circular along with the original certificate of registry shall have the effect of extending the certificate currently onboard, for a term of up to three months until June 30, 2020.

- **Seafarers' Documentation:**

The MAJ advises all seafarers whose certification will expire during this period, that their certification will remain valid until June 30, 2020. A copy of this circular along with the original seafarer's documentation shall have the effect of extending the document, for a term of up to three months until June 30, 2020. In addition, the MAJ is also providing advice to seafarers who need to be repatriated.

- **Medical Fitness Certificates:**

The Shipping (Medical Examination) Regulations, 1998, permits a seafarer whose medical fitness certificate expires during a voyage in a location where it is not possible to obtain a medical fitness certificate accepted for working on a Jamaican ship to continue working for up to three months without such certificate. If in exceptional circumstances this period is likely to be exceeded, the owner or manager should contact the MAJ for advice.

- **Vessel Surveys and Inspections:**

Where Flag-state surveys and/or inspections become due on vessels and attendance by a Flag or RO surveyor is impracticable, a grace period of up to three months may be considered. Consideration for allowance will be done on the merit of each case. Owners and managers are responsible to submit a request for such consideration, through the associated RO.

The MAJ is doing all it can to support its clients and the shipping sector, in facilitating the smooth operation of vessels as well as support of our seafarers who are ensuring goods and medical supplies get to the areas where they are needed.



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

Workshops and Training Seminars

The MAJ seeks to ensure that its officers and other related personnel in the industry are educated in new initiatives and updated maritime procedures with their attendance at workshops and training seminars.

The major ones in which they participated during the period are as follows:

- **National Oil Spill Contingency Plan Workshop**

A National Oil Spill Contingency Plan Workshop was hosted at the Office of Disaster Preparedness and Emergency Management, October 15-17, 2019.

The workshop was organized by the Regional Action Centre-Regional Marine Pollution Emergency and Information Training Centre (RAC/REMPEITC-Caribe), with support of the International Maritime Organization (IMO), United Nations Environment Programme (UNEP-CAR/RCU and the Maritime Authority of Jamaica.

The workshop was conducted to assist Jamaica in updating its National Oil Spill Contingency Plan (NOSCP) and the training of selected persons to provide information to participants and to create a greater understanding and appreciation of a national oil spill response contingency plan and oil pollution prevention preparedness cooperation policy and procedures for implementation in the event of a national spill response operation.



Participants at the National Oil Spill Contingency Plan Workshop



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

- **Compliance Workshops**

The MAJ participated in three Compliance workshops hosted by the Tourism Product Development Company (TPDCo) in collaboration with UK-based tourism organization, Travel Foundation on November 1, 5, 7, 2019 at the respective locations - Travellers Beach Hotel, Negril; Treasure Beach Hotel, St. Elizabeth; Hotel Tim Bamboo, Port Antonio.

The workshops provided an opportunity for the MAJ to meet with clients, to supply updates to them and to receive their feedback and concerns. Booths were manned at all three workshops. Clients were very happy to receive giveaways of branded items.

- **Regional Caribbean Knowledge Partnership Workshop**

In an innovative approach, maritime leaders, along with international and regional development agencies, gathered in Kingston January 20 – 24, 2020 to participate in the first Caribbean Regional Knowledge Partnership Workshop on maritime technical cooperation activities, organised by the International Maritime Organization (IMO) in collaboration with the Maritime Authority of Jamaica (MAJ).

Representatives of maritime communities from CARICOM States and overseas territories shared information on marine-related activities they are currently undertaking and communicated the best practice application of official development assistance (ODA) funding.

The workshop was aimed to develop knowledge, partnership mechanisms for development cooperation activities in the maritime field, to share IMO's resource mobilisation strategy and to seek possible cooperation opportunities.

Mr. Youngso Kim, head of resource mobilization and partnerships in the Technical Cooperation Division of the IMO, facilitated the workshop.

The Maritime Authority of Jamaica (MAJ) facilitated a technical visit by delegates from the workshop to a waste reception facility in Hill Run, St Catherine. This facility is operated by CEAC Solutions Limited and is equipped with an incinerator which handles MARPOL waste, including food waste and medical waste. Jamaica is actively



Mr. Youngso Kim making his presentation



MARITIME AUTHORITY OF JAMAICA

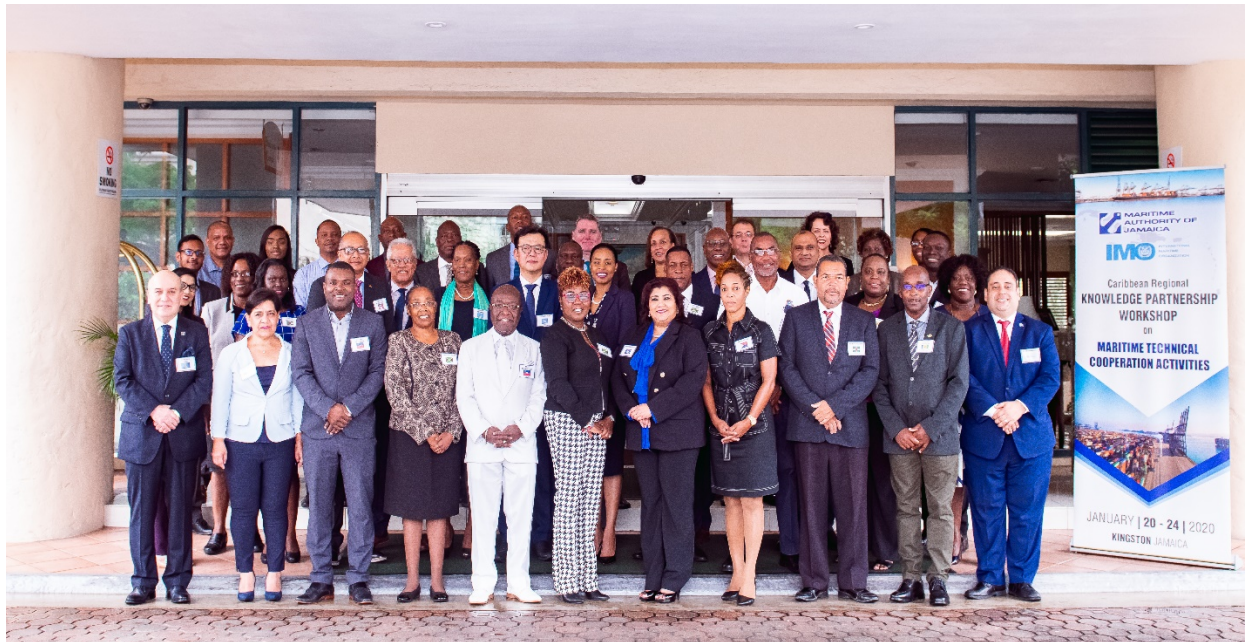
ANNUAL REPORT 2019-2020

seeking to implement legislations to incorporate the provisions of MARPOL, which is the International convention for the prevention of pollution by ships.

Through regulators, such as the MAJ, National Environment and Planning Agency, Ministry of Health and Wellness and other government agencies, CEAC Solutions coordinate the relevant service providers in a reliable manner, ensuring that MARPOL and other environmental obligations are met.

Mr. Kim hailed the technical visit as one of the most important features of the workshop, as he felt the visit provided so many opportunities to learn from each other, country to country, region to region, and that participants witnessed best practices which they can take back home to their countries.

Development corporations which participated in this knowledge partnership workshop included Caribbean Development Bank, Inter-American Development Bank, other development agencies, as well as the Commonwealth Secretariat and other regional bodies.



Participants in the Regional Caribbean Knowledge Partnership Workshop

- **Sensitization Seminar on the Shipping (Pollution Prevention, Response, Liability and Compensation) Bill, 2020**

On Monday, February 24, 2020 the Maritime Authority of Jamaica (MAJ) engaged shipping industry stakeholders, including vessel operators and users, environmental, transportation and fishing, in a discussion on the upcoming Shipping (Pollution Prevention, Response, Liability and Compensation) Bill, 2020. The Bill addresses liability



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

and compensation for pollution damage as well as the obligations of ships and terminal operators to respond to pollution incidents.

The MAJ plays a key role in ensuring that international marine environmental protection conventions are incorporated into local legislation.

In preparation for the implementation of the Bill, MAJ hosted a half-day sensitization seminar to outline and clarify the provisions of the Bill that affect private and public stakeholders in the shipping industry, and to receive their feedback.

Attendees included National Environment and Planning Agency, PETROJAM, JISCO Alpart Jamaica, Shipping Association of Jamaica, Port Authority of Jamaica, National Fisheries Authority, UC RUSAL Alumina Jamaica Limited, Jamaica Defence Coast Guard, West Indies Petroleum, JAMALCO, and the Ministry of Transport and Mining.

The Maritime Authority will be conducting additional consultations with relevant public and private stakeholders to allow further discussion on the Bill.

- **University of the West Indies Nuclear Energy Regional Seminar**

Rear Admiral Peter Brady, Director General MAJ, delivered the keynote address at a Regional Seminar, hosted by the University of the West Indies (UWI). The seminar was themed **“Energy challenges, nuclear technology, safety and regulation in the Caribbean”**. Rear Admiral Brady was also part of a discussion panel which followed, covering the topics Maritime transport experiences in the Caribbean and Global energy challenge.



Rear Admiral Peter Brady (Ret'd) giving the Keynote Address at the UWI Nuclear Energy Regional Seminar



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

The seminar was held at the University of the West Indies in March 2019 and was jointly sponsored by the Ministry of Transport and Mining, International Centre for Environmental and Nuclear Sciences University of the West Indies Mona. OPES OCEANI, International Nuclear Services (INS) United Kingdom, ORANO – a nuclear fuel recycle company headquartered in France, and ORC.

PUBLIC RELATIONS

Overview

The Public Relations department is responsible for promoting and ultimately increasing brand awareness of the Maritime Authority of Jamaica through event planning and management as well as the dissemination of information to specific target markets, through various media.

As the focal point in Jamaica for the International maritime Organization (IMO), the United Nations specialized agency with responsibility for the safety and security of shipping and the prevention of marine and atmospheric pollution by ships, the Maritime Authority of Jamaica is mandated to celebrate and bring awareness to significant IMO events including World Maritime Day/Maritime Awareness Week and Day of the Seafarer.

MAJ hosted a number, of workshops, for the development of the maritime industry in Jamaica and other, small island developing States.

Public Relations initiatives have propelled the MAJ to increased brand awareness – ensuring stakeholders recognize the company and distinguishes it from others with a similar name, and also the recognition by the general public, of the MAJ's service offering, and invaluable contribution to the Jamaican economy.

Customer Service Week

Customer Service week is celebrated internationally the first full week in October. This year it was celebrated October 7-11, 2019. The international theme was “**The Magic of Service**”, intended to bring awareness to the importance of customer service and of the people who serve and support customers daily. Maritime Authority of Jamaica celebrated Customer Service Week with tokens for internal and external customers. This was well received. A banner honouring our internal and external customers, was produced and displayed in the receptionist area.

Mandate to Protect Life at Sea

Maritime Authority of Jamaica has responsibility for the safety and protection of life at sea. A press release was published just before the Easter holidays in April 2019, as part of its efforts to sensitize the public on the safety precautions to take before boarding vessels. A press release was also sent out to the public encouraging vigilance by boaters and coxswain drivers over the Heroes Weekend October 18-21, 2019. The release was picked by mainstream electronic and print media.



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

Calendars 2020

The MAJ calendars have been effective in reinforcing our brand as we continue to increase the company's visibility by creating awareness in the marketplace and in mainstream media.

The calendars continue to provide an opportunity to have the Authority firmly grounded in the minds of existing and prospective customers, the media and other stakeholders.

The MAJ produced 1500 copies of its 2020 calendar which is increasingly sought after by customers and stakeholders. Distribution locally and internationally began the first week in December 2019.

Advertising

Maritime Authority of Jamaica full colour corporate advertisements appeared as follows:

- Maritime Authority of Jamaica full colour corporate advertisements appeared in the following publications:
 - *Gleaner*: World Maritime Day Supplement September 26, 2019
 - *Jamaica Observer*: World Maritime Day Supplement September 26, 2019
 - *Sunday Gleaner*: Supplement in support of Jamaica Fruit and Shipping Company Limited's achievement of 100 years. Sunday October 13, 2019
 - *Seatrade Maritime Jamaica Review* supplement focusing on the developments in Jamaica as a major regional maritime, port & logistics hub. Supplement distributed to local and international readers. December 2019
 - *Jamaica Observer*: Keepsake supplement to honour the life of Edward Seaga, former Prime Minister of Jamaica. Sunday June 23, 2019.
 - *Jamaica Observer*: Hosting of the second IBIA Caribbean Bunker Conference and Workshop at the Iberostar Suites Hotel, Montego Bay in September 2019. August 30, 2019.
 - *Official IBIA conference booklet*: distributed to all sponsors, speakers and participants at the second IBIA Caribbean Bunker Conference and Workshop at the Iberostar Suites Montego Bay, September 10-12, 2019.
 - *Ship Management International*: Annual "Ship Registries" issue in May/June 2019. The issue enjoyed extra circulation at Nor Shipping, scheduled for June 4-7, 2019.



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

HUMAN RESOURCE MANAGEMENT

The Human Resource Management Unit continues in its endeavour to ensure all departments are adequately staffed and support training initiatives to develop the skills of all staff. The unit is also pursuing the proposal of a new organisational structure for the Authority. The deliverables are to increase efficiency as a result of the addition of new posts and the upgrade of existing posts, in a context of new and upgraded manpower requirements.

Staff Wellness

- A staff fun day was organised and held on May 31, 2019 to boost staff morale and to allow them to interact with each other outside of the office setting. To set the tone and anticipation for the event staff were divided into two houses (Sunshine Blazers and Blue Waves) and preliminary fun day activities were organised. At the end of the day the Sunshine Blazers team were victorious.
- Professional Assistants' day was celebrated on April 24, 2019 and the Administrative Assistants were recognised and thanked for their services.
- Nineteen members of staff participated in the Digicel Foundation 5K Run/Walk for special needs held on October 5, 2019.
- The staff was treated to a party on December 18, 2019 in celebration of the festive season and to end the year on a pleasant note.

Staff Training

Members of staff are sent on various training courses and seminars to be made aware of new developments in the industry and in their respective area of expertise. Eight persons were given the opportunity during the year.

INFORMATION SYSTEMS

During the period under review the Information Technology (IT) Unit was consistent in their service delivery and project execution. The team continued to focus on Cyber Security and the upgrade of the Computer Network and Software development.

Network Expansion and Development

- **Cloud Backup**

In order to mitigate against Ransomware and to incorporate redundancy in our disaster and recovery procedures, Cloud Backup was examined as a viable option. Various solutions were evaluated and the preferred one is being further examined for recommendation.



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

- **Telephony/Communication Channels**

Last year a new telephone system was installed, and the second phase of the telephone project involved the implementation of the Sip Trunk from FLOW which was installed in October 2019.

Software Development and Procurement

MAJ Software development continues to be an important part of the IT Department's programme of supporting the marketing of the JSR and to ensure other critical functions of the MAJ meet international standards. As the Authority continues to widen its marketing programme and promote the registration of ships with the JSR, it is important that the organization has in place the appropriate IT infrastructure to meet the expected demands.

The following were completed during the period:

- **Seafarer Application**

This Application facilitates capturing soft data (work history, employment benefits, active travel documents, and so on) on Jamaican seafarers. It is linked with the Certification Application which collects information on the seafarer's certification.

- **Website Development**

The new website, www.maritimejamaica.com, became active in April 2020 and replaces the www.jamaicaships.com. The Website is more user friendly and has the option of making online payments for specific category of services. As time progresses more features will be added to enhance the usability of the website.

- **Online Payment System**

The demand for online payments to the Authority has been increasing and has prompted the IT Unit to acquire the Online Payment Facility. The Payment facility was eventually modified to include payment by invoices. Therefore, once the invoice has been posted by the Accounts department into the accounting software, clients can access invoice details on the maritimejamaica.com website and pay in US currency using Visa or MasterCard.

- **Payroll Software**

The Payroll Software, MS PowerPay, was acquired in 2003 and has now become obsolete as of December 2019. The more modern payroll package, MS BizPay was acquired and installed in November 2019 and ran concurrently with MS PowerPay until December 2019. As of January 2020, MS BizPay was fully operational to run the payroll onward.

Hardware Procurement

- **Photocopier**

MAJ procured two photocopiers during the year, June 2019 and January 2020 to replace two photocopiers that had reached their useful life. The specifications of these copiers were



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

more advanced and could scan files and saving them to the network thus facilitating converting hard copy files to electronic storage.

- **Desktop Computers**

The acquisition of five new desktop computers were necessary to replace obsolete ones that have been problematic.

- **Laptop Computers**

The acquisition of six laptops in March 2020 were required to facilitate remote access to the network by MAJ staff. These laptops were assigned to staff members who had no other means of continue working from home.

Work from Home Facilitation

- **Firewall**

A Firewall solution was procured, installed and configured in March 2020 to facilitate staff working from home due to the COVID19 Pandemic. This allowed easy access to the network while working remotely using the Virtual Private Network (VPN) Connections. The VPN and AnyDesk Software were also installed on all computers to facilitate working remotely. In addition, “Soft-phones” or IP phones were also installed on the laptops thus giving the staff the ability to make extension calls while working remotely.

FINANCIAL REVIEW

There was an anticipation for a significant improvement in the financial performance of the Authority during the fiscal period April 01, 2019, to March 31, 2020. Thus, the budget approved by parliament was \$389.56 million of which \$190.87 million was allocated from the Government as Subvention and \$198.69 million was approved to be collected by the Authority.

The revenue from fees reduced by \$8.23 million to \$182.12 million or 4.33% less than 2018-2019 financial year. For the year ended March 31, 2020, the operating surplus stood at \$24.73 million resulting in a net surplus of \$27.40 million after including net finance income. This reflects a 49% reduction in profits when compared to the previous year’s performance. Expenditure increased by 12.73% for the period.

Income

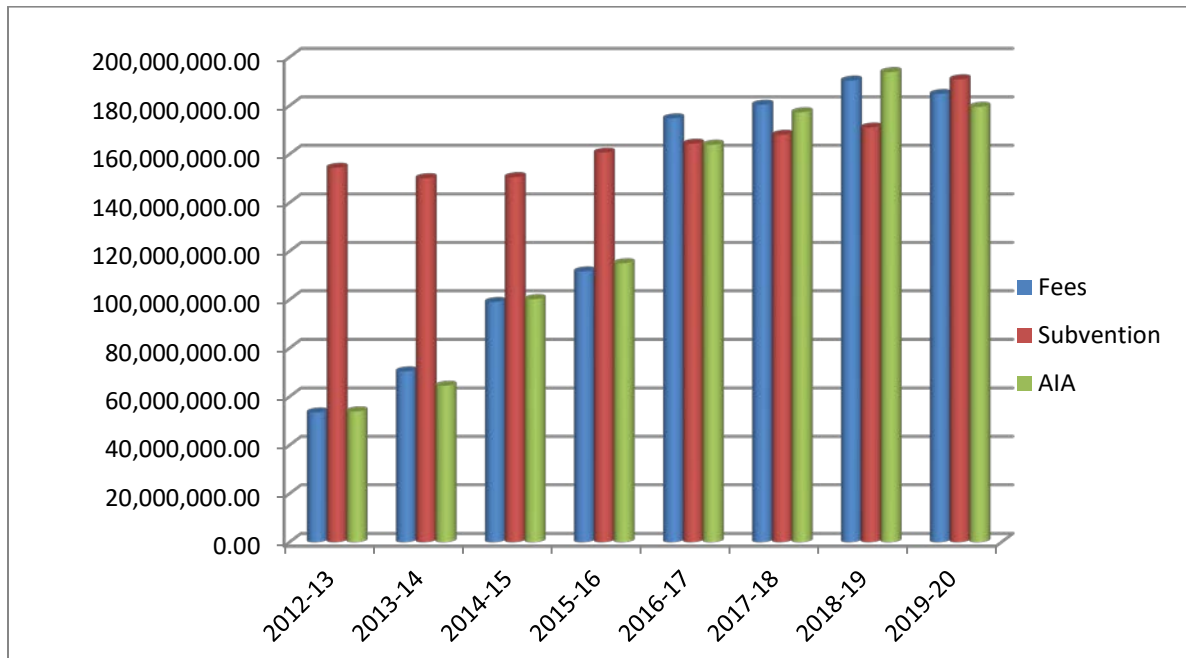
The MAJ is funded mainly by Government of Jamaica subvention and income from services being 51.18% and 48.82% respectively. Revenue for the reporting period amounted to \$372.99 million. Of this amount, fees earned from services amounted to \$182.12 million which is 8.34% less than the budgeted figure of \$198.69 million. The Appropriation in Aid (AIA) reported for the period amounted to \$179.52 million. The Subvention received amounted to \$190.85 million which is \$19.86 million greater than what was received during the previous financial year.



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

The chart below shows the Revenue performance over the last eight years



The above chart shows that fees from operations have consistently increased over the years, however for the 2019-2020 period fees decreased by 2.9% primarily because of less activity in the Local Trade area. The AIA showed a similar trend of a reduction of 7.4%. The Subvention from the Government reflects an increase of 11.6% which resulted from a 4% increase in salaries and the Government absorbing more of the salary expenses of the Authority.

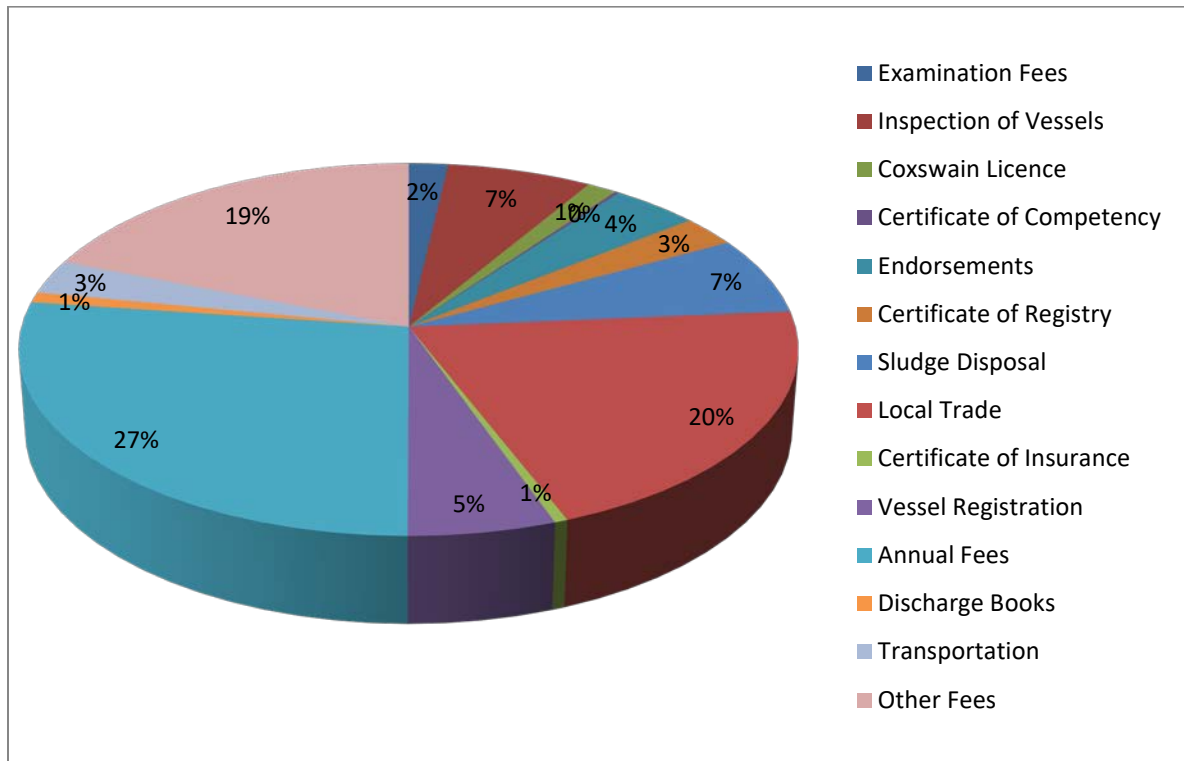
The Authority is projecting that fees from services will increase to \$212.47 million for the 2020/2021 financial year based on projections for Registrations and Local Trade. It is estimated that the Authority will also receive approximately \$205.4 million from the Ministry of Finance as support for remuneration expenses.



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

The chart below gives a pictorial view of the categories of revenue



Of the total revenue, Annual Fees was the main revenue earner capturing 27%. Local Trade was the second major source of income with 20% of total revenue. The annual fees' lead in the revenue earning resulted from vessel registrations during the previous financial years that set the stage for increased annual fees.

Local Trade revenue is somewhat reduced this year by 10% is as a result of less activity in foreign flagged vessels operating in Jamaican waters.

Expenditure

The Authority expended \$346.65 million for the reporting period against a revised budget of \$378.47 million. This was indicative of the Authority spending within its budget and exercising a conservative method of spending in line with the requirements of the Ministry of Finance.

Expenditure for the 2020/2021 financial year is projected to be \$396 million.



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

The Maritime Authority of Jamaica Projected Profit and Loss Statement for 2020/2021 Financial Year is shown below.

	J\$
Revenue	
Subvention	205,423,000.00
Service Income	212,469,000.00

Total Income	417,892,000.00

Less Expenditure	
Salary, Wages and Traveling	285,857,000.00
Rental	16,192,000.00
Public Utilities	6,026,000.00
Purchase of Goods and Services	84,086,000.00
Contributions	3,888,000.00

Total Expenses	396,049,000.00

Surplus	21,843,000.00
	=====

Note: The surplus shown above will be used to purchase Capital Goods as per the Estimate of Expenditure.

Audited Financial Statements for F/Y 2019/2020 are presented on page 68.



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

PLANS FOR 2020/2021

Jamaica Ship Registry

Objectives to be completed in the next period will include:

- Engagement of the PPP Investor and the commencement of the partnership to give effect to the marketing plan for the JSR.
- Approval for the use of a Jamaica Red Ensign
- Registration of fifteen (15) International Vessels; 70 Mega Yachts.
- Launch of the Cruising Permit software solution
- Registration of seven (7) domestic pleasure crafts; 40% (400) of active fishing vessels (upon completion of revision of the Fishing Act).
- Updating of the Seafarers' Database.
- Promulgation of relevant Regulations.
- Training/Developmental opportunities for staff.

Shipping Centre Development

- Facilitate the establishment and operation of dry-docking in Jamaica
- Establish the regulatory framework to ensure ship repairs activities are conducted to international standards

Strengthen the Legal Framework

The Authority will continue to strengthen the legal framework for the regulation and development of the maritime sector. Priority areas will include the promulgation of:

- Legislation to incorporate the Maritime Labour Convention 2006 (MLC 2006);
- Marine environment protection legislation incorporating the major IMO conventions addressing prevention, response, liability, and compensation for ship source pollution.

Increase Revenues

During the new financial year, the MAJ will seek to increase its revenue by:

- Pursuing additional registration of international vessels through the PPP arrangement;
- Targeting unregistered vessels in the fishing and tourism sectors;
- Licensing foreign vessels which operate commercially in Jamaican waters; and
- Pursuing the registration of yachts domiciled in Jamaican waters.

Accomplishing these plans will therefore strengthen the efforts of the MAJ to become self-sufficient and facilitate the drive to expand the contribution of the maritime sector to the Jamaican economy.



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

The emoluments of the Senior Executives and the Board of Directors for the Financial Year are shown in the tables below:

SENIOR EXECUTIVE'S COMPENSATION TABLE

Name and Position of Senior Executive	Year	Salary \$	Gratuity or Performance Incentive \$	Travel Allowance or Value of Assigned Motor Vehicle \$	Pension or Other Retirement Benefits \$	Other Allowances \$	Non-Cash Benefits \$	Total \$
Rear Admiral Peter Brady, Director General	2019/20	8,268,499.20	2,067,124.80	140,000.00				10,475,624.00
Claudia Grant, Deputy Director General	2019/20	7,458,436.00	1,864,609.00	1,697,148.00				11,020,193.00
Bertrand Smith, Director Legal Affairs	2019/20	7,458,436.00	1,864,609.00	1,697,148.00				11,020,193.00
Seymour Harley, Director, Shipping & Policy Research	2019/20	5,723,484.00		1,697,148.00	286,174.20			7,706,806.20
Capt. Steven Spence, Director Safety, Environment and Certification	2019/20	9,395,244.00	2,348,811.00	1,697,148.00				13,441,203.00
Michael McFarlane, Director, Corporate Services	2019/20	5,832,609.00	1,458,152.25	894,924.00				8,185,685.25
Total		44,136,708.20	9,603,306.05	7,823,516.00	286,174.20			61,849,704.45

Notes on the Senior Executives Compensation Table:

Director of Shipping and Policy Research is a member of the MAJ's staff pension fund and is not paid gratuity.



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

BOARD OF DIRECTORS' COMPENSATION TABLE

Name and Position of Director	Fees \$	Motor Vehicle Upkeep/Traveling Or Value of Assignment of Motor Vehicle \$	Honoraria \$	All Other Compensation including Non-Cash Benefits as applicable (\$)	Total \$
Corah Ann Robertson-Sylvester, Chairman	90,000.00				90,000.00
William Brown, Deputy Chairman	27,000.00				27,000.00
Peter McConnell, Board Member	54,000.00				54,000.00
Tony Tame, Board Member	36,000.00				36,000.00
Andrew Gallimore, Board Member	36,000.00				36,000.00
Francois Graham, Board Member	18,000.00				18,000.00
Ambassador Ann Scott, Board Member	45,000.00				45,000.00
Donovan Walker, Board Member	45,000.00				45,000.00
Joan Wynter, Board Member	27,000.00				27,000.00
Total	378,000.00				378,000.00

Note:

- Ms. Joan Wynter retired from the Ministry of Transport and Mining and therefore resigned from the Board of Directors.
- The amount of \$417,650.00 reflected in the Financial Statement includes \$39,650.00 for refreshment provided at Board Meetings.



MARITIME AUTHORITY OF JAMAICA

ANNUAL REPORT 2019-2020

FINANCIAL REPORT FOR THE YEAR ENDED MARCH 2020



Maritime Authority of Jamaica

Financial Statements
Year Ended 31 March 2020

Maritime Authority of Jamaica

Financial Statements Year Ended 31 March 2020

Contents

	Page
Independent Auditors' Report	1 - 3
FINANCIAL STATEMENTS	
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Accumulated Fund	6
Statement of Cash Flows	7
Notes to the Financial Statements	8- 35



10 Holborn Road, Kgn. 5, Ja., W.I.
Tel: (876) 926-4546, 926-6310, 631-8533 - Cell: (876) 386-2618
TeleFax: (876) 631-7555 - E-mail: crhylton@yahoo.com



Independent Auditors' Report

To the Members of

Maritime Authority of Jamaica

Report on the Financial Statements

Opinion

We have audited the financial statements of Maritime Authority of Jamaica ("the Authority"), which comprise the statement of financial position as at March 31, 2020, the statement of comprehensive income, statement of changes in accumulated fund and statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Authority as at March 31, 2020 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Authority in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Authority's financial reporting process.

Independent Auditors' Report (Continued)

To the Directors of Maritime Authority of Jamaica

Report on the Financial Statements

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Authority or business activities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Accountants
Kingston, Jamaica
December 11, 2021

Maritime Authority of Jamaica

Statement of Comprehensive Income Year Ended 31 March 2020

	Note	2020 \$	2019 \$
Revenue			
Subvention	4(a)	190,874,517	171,001,000
Singapore income	4(b)	3,697,083	5,431,563
Germany income	4(c)	10,373,339	12,707,674
Service income	4(a)	168,046,833	172,207,502
		<u>372,991,772</u>	<u>361,347,739</u>
Expenses			
Administrative and other operating expenses	5	<u>(347,350,650)</u>	<u>(308,961,351)</u>
Operating surplus		25,641,122	52,386,388
Finance income	7	2,675,096	2,739,879
Finance cost		<u>-</u>	<u>(1,405,987)</u>
Surplus for the year, being total comprehensive income		<u><u>28,316,218</u></u>	<u><u>53,720,280</u></u>

Maritime Authority of Jamaica

Statement of Financial Position 31 March 2020

	Notes	2020 \$	2019 \$
CURRENT ASSETS			
Inventories	8	3,432,973	2,501,043
Cash and cash equivalents	9	207,420,417	178,228,058
Accounts receivable and prepaid expenses	10	42,592,087	21,343,309
Taxation recoverable		2,499,424	1,837,819
Investments	11	410,608	12,512,249
		<u>256,355,509</u>	<u>216,422,478</u>
CURRENT LIABILITIES			
Accounts payable and provisions	12	66,623,072	53,367,465
		<u>66,623,072</u>	<u>53,367,465</u>
NET CURRENT ASSETS			
		189,732,437	163,055,013
NON-CURRENT ASSETS			
Property, plant and equipment	13	34,643,710	33,004,916
Subsidiary company	14	99	99
		<u>224,376,246</u>	<u>196,060,028</u>
ACCUMULATED FUNDS			
Accumulated surplus		<u>224,376,246</u>	<u>196,060,028</u>

The financial statements were approved and authorised for issue by the Board of Directors on 11 December 2021 and signed on its behalf by:

CAZ Sylvester

..... Chairman
Mrs. Corah An Roberston-Sylvester

P. Brady

..... Director General
Rear Admiral Peter Brady

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

MARITIME AUTHORITY OF JAMAICA

**STATEMENT OF ACCUMULATED FUND
YEAR ENDED MARCH 31, 2020**

	Notes	Accumulated Surplus \$	Total \$
Balance at March 31, 2018		142,339,748	142,339,748
Transferred to consolidated fund	16	-	-
Net surplus, being total comprehensive income for the year		<u>53,720,280</u>	<u>53,720,280</u>
Balance at March 31, 2019		196,060,028	196,060,028
Transfer to the consolidated fund	16	-	-
Net surplus, being total comprehensive income for the year		<u>28,316,218</u>	<u>28,316,218</u>
Balance at March 31, 2020		<u><u>224,376,246</u></u>	<u><u>224,376,246</u></u>

MARITIME AUTHORITY OF JAMAICA

STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2020

	Notes	2020 \$'000	2019 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net surplus:		28,316,218	53,710,280
Adjustments to reconcile surplus for year to net cash used by operating activities:			
Depreciation		8,730,446	8,069,269
Interest income		(2,675,096)	(2,739,879)
		34,371,568	59,039,670
Changes in net current assets:			
Accounts receivable and prepaid expenses		(21,248,778)	21,522,429
Inventories		(931,930)	39,336
Accounts payable and provisions		12,563,309	954,691
Cash generated from operations		25,446,467	81,556,126
Interest received		2,675,096	2,739,879
Taxation withheld at source		(597,236)	(557,735)
Net cash inflows from operating activities		27,459,958	83,738,270
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment being net cash outflow from investing activities		(10,369,237)	(16,084,045)
CASH FLOWS FROM FINANCING ACTIVITIES			
Transferred to consolidated fund		-	-
Net increase in cash and cash equivalents		17,090,718	67,654,225
Cash and cash equivalents at the beginning of the year		190,740,307	123,086,082
Cash and cash equivalents at the end of the year		207,831,025	190,740,307
Cash and cash equivalents comprise:			
Cash and bank balances		2,637,073	6,120,919
Short-term deposits		205,193,952	184,619,388
		207,831,025	190,740,307

MARITIME AUTHORITY OF JAMAICA

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2020

1 THE AUTHORITY

Maritime Authority of Jamaica ("the Authority") is incorporated and domiciled in Jamaica, and is a body corporate established in accordance with the Shipping Act of 1988 ("the Act"). The principal place of business is situated at 2nd Floor, The Office Centre Building, 12 Ocean Boulevard, Kingston Jamaica.

The principal activities of the Authority are to pursue the development of shipping and to regulate matters relating to merchant shipping and seafarers.

2 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented. Where necessary, prior year comparatives have been restated and reclassified to conform to current year presentation.

(a) Statement of compliance

These financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the relevant requirements of the Jamaican Companies Act.

(b) Basis of preparation

These financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of consideration given in exchange for assets.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Going concern

In considering the appropriate basis on which to prepare the financial statements, management is required to assess whether the Authority can continue in operational existence for the foreseeable future. Management has prepared financial statements on the going concern assumption despite the Authority recording three consecutive years of operating and net deficit, a deficiency in assets at 31 March and net current liabilities over current assets.

Management is confident that the Government of Jamaica views the Authority as part of the core public waste disposal service delivery strategy infrastructure of Jamaica, as an allied regional office of the NSWMA, and will provide the necessary funding for it to remain in operation.

2.1 Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

2 **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

2.1 **Financial instruments (continued)**

Recognition

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized on the Authority's statement of financial position when the Authority becomes a party to the contractual provisions of the instrument.

2.1.1 **Financial Assets**

Classification

The Authority classifies financial assets at initial recognition based on the financial asset's contractual cash flow characteristic and the Authority's business model for managing the instruments. The Authority's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets are not reclassified subsequent to their initial recognition unless the Authority changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Measurement category

At initial recognition, the Authority measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables that do not contain a significant financing component are measured on initial recognition at their transaction price.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in the following categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at fair value through profit or loss (FVTPL)
- Amortised cost:
These assets arise principally from the provision of goods and services to customers as well as other types of financial assets held within a business model where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest (SPPI) on the principal amount outstanding. The SPPI test is performed at an instrument level. After initial recognition, they are subsequently carried at amortised cost using the effective interest method, less any impairment.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Financial instruments (continued)

The Authority's financial assets at amortised cost comprise trade and other receivables including contract assets, due from related parties and cash and bank balances.

2.1.1 Financial Assets

- FVTPL and FVOCI
Equity instruments are measured at FVTPL, unless the asset is not held for trading purposes and the Authority makes an irrevocable election on an instrument-by-instrument basis to designate the asset as FVOCI. As a result of the election, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses and their reversal are not reported separately from other changes in fair value. Dividends representing a return on such investments are recognised in profit or loss as other income when the Authority's right to receive payments is established. Where the asset is held within a business model where the objective is both to collect contractual cash flows and selling the financial assets and the SPPI test is met, the assets are measured subsequently at FVOCI with gains and losses recycled to profit or loss on derecognition.

Derecognition

A financial asset or group of similar financial assets (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Authority has (i) transferred its rights to receive the cash flows from the asset or (ii) has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either the Authority
 - (a) has transferred substantially all the risk and rewards of ownership of the asset, or
 - (b) has neither transferred substantially all the risk and rewards of ownership of the asset, but has transferred control of the asset

Where the transfer does not qualify for derecognition as above, the Authority continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Authority also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Authority has retained.

2 **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

2.1 **Financial instruments (continued)**

2.1.1 **Financial Assets (continued)**

Impairment

The Authority recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Authority in accordance with the contract and all the cash flows that the Authority expects to receive, discounted at an approximation of the original effective interest rate.

The Authority recognises a loss allowance for expected credit losses on trade receivables and other financial assets that are measured at amortised cost applying the expected credit loss model. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Trade receivables and contract assets

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recorded when billed or accrued and represent claims against third parties that will be settled in cash. They are generally due for settlement within 30 days and therefore are all classified as current. The Authority recognises lifetime ECL at each reporting date for trade receivables and contract assets applying a simplified approach. The expected credit losses on these financial assets are estimated based on the Authority's historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions adjusted for factors that are specific to the debtors as well as the expected changes in factors or conditions affecting the debt at the reporting date, including time value of money where appropriate. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly.

For all other financial instruments, the Authority recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. Significant increase is assessed as the change in the risk of a default over the expected life of the financial asset as at the reporting date with the risk of default on the instrument occurring at the date of initial recognition, considering reasonable and supportable information that is available without undue cost or effort. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Authority measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The credit risk on a financial instrument is assumed not to have increased significantly if it is determined to have a low credit risk at the reporting date taking into consideration all the terms and conditions of the instrument from the perspective of market participants or by use of other methodologies that are consistent with assessing low credit risk for the

2 **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

2.1 **Financial instruments (continued)**

2.1.1 **Financial assets (continued)**

particular instrument. 12-month ECL are applied to the Authority's debt securities determined to have low credit risk and other debt securities and bank balances for which credit risk has not increased significantly since initial recognition.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Authority assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due and a financial asset to be in default when the financial asset is more than 90 days past due and/or internal or external information indicates that the Authority is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Authority. The maximum period considered when estimating ECL is the maximum contractual period over which the Authority is exposed to credit risk.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows in its entirety or a portion thereof. For trade receivables, the Authority has a policy of writing off the gross carrying amount when the financial asset is 270 days past due based on historical experience of recoveries of similar assets. Nevertheless, the Authority makes individual assessments regarding the timing and amount of write-off based on whether there is reasonable expectation of recovery. Write off takes place when the Authority's internal collection efforts have been unsuccessful in collecting the amount due. No significant recovery is expected from amounts written off.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

2.1.2 **Financial liabilities**

Initial recognition and measurement:

All financial liabilities are recognised initially at fair value, and except for financial liabilities not at fair value through profit or loss (FVTPL), net of directly attributable transaction costs of issue. Financial liabilities are subsequently measured at amortised cost, except for any financial liabilities at fair value through profit or loss which are subsequently measured at fair value.

2 **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

2.1 **Financial instruments (continued)**

2.1.2 **Financial liabilities (continued)**

Measurement category

- **FVTPL**

A financial liability is classified as FVTPL if it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. The Authority has no financial liabilities at FVTPL.

- **Other financial liabilities**

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

The Authority's financial liabilities measured at amortised cost comprise trade and other payable and due to related party.

Derecognition

A financial liability is derecognised when the obligation under the instrument is extinguished by being discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

The difference between the carrying amount of a financial liability derecognized and the consideration paid and payable is recognised in profit or loss.

2.2 **Foreign currency transactions**

Transactions in currencies other than the Authority's functional currency (foreign currencies) are recognised at the rate of exchange prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated at exchange rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Gains and losses resulting from the settlement of foreign currency transactions and from the retranslation at period-end exchange rates are recognised in profit or loss in the period in which they arise.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Related party transactions and balances

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related party transactions and balances are recognised and disclosed for the following:

- i. Enterprises and individuals owning directly or indirectly an interest in the voting power of the Authority that gives them significant influence over the Authority's affairs and close members of the families of these individuals.
- ii. Key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the Authority, including those directors and officers and close members of the families of those individuals.
- iii. Post-employment benefit plans for the benefit of employees of the Authority.
- iv. An entity or any member of a group to which it is a part providing key management personnel services to the Authority.

A related party transaction is a transfer of resources, services or obligation between related parties, regardless of whether a price is charged. The Authority has a related party relationship with its parent, fellow subsidiaries and key management personnel, representing directors and certain senior officers of the Authority.

2.4 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation on property, plant and equipment is recognised so as to allocate the cost or valuation of assets less their residual values over their estimated useful lives or, in the case of leasehold improvements the shorter lease term, using the straight-line method. The following useful lives are used in the calculation of depreciation:

Computer equipment	5 years
Furniture, fixtures and office equipment	10 years
Leasehold improvements	40 years
Motor Vehicle/Trucks	12 1/2 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Repairs and maintenance are charged to income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits are in excess of the originally assessed standard of performance of the existing asset that will flow to the

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Authority. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.5 Impairment of tangible assets

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognised in profit or loss for the amount by which the carrying amount of an asset exceeds its estimated recoverable amount, which is the higher of the asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

2.6 Cash and cash equivalents

Further purposes of presentation of the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts. Bank overdrafts are shown within current liabilities on the statement of financial position.

2.7 Government subvention

overnment subvention is received principally as an allocation from the National Solid Waste Management Authority and is recognised at fair value where there is reasonable assurance that the subvention will be received and the Authority will comply with all attached conditions.

2.8 Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Authority expects to be entitled in exchange for those goods or services.

The Authority's solid waste collection business involves the collection, transfer and disposal of waste from residential, commercial and industrial customers for transport directly to landfills. Solid waste collection services include both recurring and temporary customer relationships. Revenues from collection operations are influenced by factors such as collection frequency, type and volume or weight of the waste collected and distance to the disposal facility. Revenues from landfill

2 **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

2.8 **Revenue recognition (continued)**

operations consist of tipping fees, which are generally based on the type and weight or volume of waste being disposed of at the disposal facilities. Commercial services are performed under service agreements, with customers. The agreements give the Authority the exclusive right to provide specified waste services in the specified territory during the contract term. The standard customer service agreements generally range for one year with a few up to five years. Typically, the contractual arrangement provides for commercial customers to be billed on a monthly basis in arrears but for the solid waste removal to be provided bi-monthly or monthly. Revenue recognized under these agreements is earned over time over the contract cycle.

Revenue from sources other than customer contracts primarily relates to imposed fines and employee services. Revenue from these sources were not material and represented less than 1% of total revenue for the current and previous financial year.

Deferred Revenues

Deferred revenues is recognised when cash payments are received or due in advance of performance obligations and is classified as current since they are earned within a year and there are no significant financing components. Substantially all deferred revenues during the reported periods are realized as revenues within one to three months, when the related services are performed.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of the income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.9 **Provisions**

Provisions are recognized when there is a present legal or constructive obligation as a result of past events, if it is probable that outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

2.10 **Capital reserve**

Grant funds received specifically for the acquisition of capital assets are credited directly to capital reserves and written off to revenue over the useful lives of the relevant assets.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares or option are shown in equity as a deduction, net of tax from the proceeds.

2.12 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in a market accessible to or by the company, either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Leases

Policies applicable from 1 April 2019

The company as a lessee

The company assesses whether a contract is or contains a lease, at inception of the contract. The company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- (i) Fixed lease payments, less any lease incentives receivable;
- (ii) Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- (ii) The amount expected to be payable by the lessee under residual value guarantees;
- (iv) The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- (v) Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

2 **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

2.13 **Leases - *Policies applicable from 1 April 2019 (continued)***

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The company did not make any such adjustments during the periods presented.

Right-of-use asset

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in profit or loss.

2 **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

2.14 **Leases - *Policies applicable prior to 1 April 2019***

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The company as a lessee

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

2.2 ***New and amended IFRS that are mandatorily effective for the current year***

In the current year, the company has applied for the first time IFRS 16 *Leases* issued by the International Accounting Standards Board (IASB), effective for annual periods beginning on or after January 1, 2019. The application of this new standard has had a significant impact on the amounts reported and the presentation and disclosures in these financial statements for the current year.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of the new accounting policy are described in note 3. The impact of the adoption of IFRS 16 on the company's financial statements is described below. The date of initial application of IFRS 16 for the company is 1 April 2019.

The company has applied IFRS 16 using the cumulative catch-up approach which:

- Requires the company to recognise the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application.
- Does not permit restatement of comparatives, which continue to be presented under IAS 17 and IFRIC 4.

Impact of the new definition of a lease

The company has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or changed before 1 April 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 *New and amended IFRS that are mandatorily effective for the current year (continued)*

IFRS16 Leases (continued)

has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The company applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or changed on or after 1 April 2019 (whether it is a lessor or a lessee in the lease contract). The company has carried out an assessment of all its leases in implementation of the new standard which has shown that the new definition in IFRS 16 has not significantly change the scope of contracts that meet the definition of a lease for the company.

Impact on Lessee Accounting

(a) Former operating leases

IFRS 16 changes how the company accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases (except as noted below), the company:

(i) Recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS 16:C8(b)(ii);

(ii) Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss in the statement of comprehensive income;

(iii) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of cash flows.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (for example, tablets and personal computers, small items of office furniture and telephones), the company has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'other expenses' in profit or loss.

The company has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying IAS 17.

(i) The company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 *New and amended IFRS that are mandatorily effective for the current year (continued)*

IFRS16 Leases (continued)

(ii) The company has adjusted the right-of-use asset at the date of initial application by the amount of provision for onerous leases recognised under IAS 37 in the statement of financial position immediately before the date of initial application as an alternative to performing an impairment review.

(iii) The company has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.

(iv) The company has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.

(v) The company has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

(b) Former finance leases

For leases that were classified as finance leases applying IAS 17, the carrying amount of the leased assets and obligations under finance leases measured applying IAS 17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the company has elected to apply the low-value lease recognition exemption.

The right-of-use asset and the lease liability are accounted for applying IFRS 16 from 1 January 2019.

Impact on Lessor Accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

Financial impact of initial application of IFRS 16 (IFRS 16 C12)

There was no impact on retained earnings as at 1 April 2019 on the initial application of IFRS 16 as the company had no leases that qualified for recognition as finance leases on application. All leases were short-term or of low value.

The following additional new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any impact on the amounts reported in these financial statements but may impact the accounting for future transactions or arrangements.

MARITIME AUTHORITY OF JAMAICA

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2020

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 *New and amended IFRS that are mandatorily effective for the current year (continued)*

		Effective for annual periods beginning on or after
<u>Amendments to Standards</u>		
IFRS 9	Financial Instruments	
	- Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	1 January 2019
IFRS 3, 11, IAS 12, 23,	Amendments arising from 2015 – 2017 Annual Improvements to IFRS	
	- Measurement of previously held interest in a joint operation (IFRS 3&11); Income tax consequences of payments on financial instruments classified as equity (IAS 12); Borrowing costs eligible for capitalisation (IAS 23)	1 January 2019
IAS 19	Employee Benefits	1 January 2019
	-Plan Amendment, Curtailment or Settlement	
IAS 28	Investments in Associates and Joint Ventures	1 January 2019
	- Amendments regarding long –term interest in associates and joint ventures	
<u>New Interpretation</u>		
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019

2.3 **New and Revised IFRS in issue but not yet effective**

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not effective or early adopted for the financial period being reported on:

		Effective for annual periods beginning on or after
<u>New Standards</u>		
IFRS 17	Insurance Contracts	1 January 2021
<u>Amended Standards</u>		
IFRS 3	Business Combinations	1 January 2020
	- Definition of a business	
IFRS 7, 9, IAS 39	Financial Instruments	
	- Amendments regarding pre-replacement issues in the context of the IBOR reform	1 January 2020
IAS1, IAS 8	Presentation of Financial statements; Accounting Policies, Accounting Estimates and Errors	
	- Definition of material	1 January 2020
<u>Conceptual Framework of Financial Reporting</u>		1 January 2020

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 New and Revised IFRS in issue but not yet effective (continued)

The company has assessed the impact of these new and revised Standards and Interpretations in issue but not yet effective and consider that the following are relevant to the operations of the company and are likely to impact amounts reported in the company's financial statements:

- **Amendments to IAS1 and IAS 8 Definition of Material (effective for annual periods beginning on or after 1 January 2020)**

The amendment aligned the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, '*Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.*' Materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. It explains that information is obscured if it is communicated in a way that would have a similar effect as omitting or misstating the information such as, if information regarding a material item, transaction or other event is scattered throughout the financial statements, or disclosed using a language that is vague or unclear, or if inappropriately aggregated or disaggregated. The amendments replaced the threshold 'could influence', which suggests that any potential influence of users must be considered, with 'could reasonably be expected to influence' therefore clarifying that the materiality assessment will need to take into account only reasonably expected influence on economic decisions of primary users. The IASB reference to 'primary users' instead of 'users' in the original standard helped to narrow a wide interpretation of 'users'. The amendment is applied prospectively with early application permitted if disclosed.

- **Conceptual Framework for Financial Reporting (Issued March 2018)**

The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard. Its purpose is to assist the IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards. It sets out a comprehensive set of concepts for financial reporting, standard setting, and guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. New concepts, clarification of important concepts, updated definitions and recognition criteria for assets and liabilities are included.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 New and Revised IFRS in issue but not yet effective (continued)

The revised framework is arranged in eight chapters and is accompanied by a Basis for Conclusions. A separate accompanying document, 'Amendments to References to the Conceptual Framework in IFRS Standards', was issued by the IASB which sets out the amendments to affected standards in order to update references to the Conceptual Framework.

The revised framework is effective immediately for the IASB and the IFRS Interpretation Committee (IC). For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

The revised framework is not expected to have any impact on the company.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the entity's accounting policies

In the process of applying the entity's accounting policies, management has not made any judgements that it believes would cause a significant impact on the amounts recognized in the financial statements.

(b) Key sources of estimation uncertainty

The entity makes estimates and assumptions regarding the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(b) Key sources of estimation uncertainty (Continued)

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts and assets and liabilities within the next financial year are discussed below:

Depreciable assets

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The entity applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in the statement of comprehensive income through impairment or adjusted depreciation provisions.

MARITIME AUTHORITY OF JAMAICA**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020**

4 OPERATING INCOME

Operating income represents:

	2020	2019
	\$	\$
(a) Subvention – Ministry of Transport and Works	190,874,517	171,001,000
Service income	<u>168,046,833</u>	<u>172,207,502</u>
	<u>358,921,350</u>	<u>343,208,502</u>
Less: expenses	(347,350,650)	(308,961,351)
Administrative costs	-	2,739,879
Finance cost	<u>-</u>	<u>(1,405,987)</u>
	<u>(347,350,650)</u>	<u>(307,637,459)</u>
Surplus for the year	11,570,700	35,581,043
(b) Singapore income		
Singapore office	3,697,083	5,431,563
(c) Germany income		
Germany office	<u>10,373,339</u>	<u>12,707,674</u>
Net surplus for the year	<u><u>25,641,122</u></u>	<u><u>53,720,280</u></u>

MARITIME AUTHORITY OF JAMAICA

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2020

5 EXPENSE BY NATURE

	2020 \$	2019 \$
Advertising and promotion	8,205,186	5,205,298
Audit fees	650,000	1,261,741
Bank charges	1,125,079	1,147,997
Board members fee	417,650	360,800
Cleaning and sanitation	860,719	797,377
Consultancy expenses	238,350	1,899,432
Courier services and transportation	2,478,546	1,870,243
Depreciation	8,730,446	8,069,269
Entertainment	25,903	81,665
Examination and certificates expenses	939,564	857,331
GCT irrecoverable	3,177,448	3,283,308
Grants and subscriptions	3,449,768	2,849,833
Insurance	1,596,446	2,900,725
Licenses and permits	2,244,887	1,689,026
Long range identification tracking expenses	517,516	795,109
Long range identification tracking audit expenses	896,419	735,709
Membership expenses	476,885	336,052
Miscellaneous expenses	73,449	142,380
Motor vehicle expense	956,406	832,054
Overseas travel	6,578,854	5,623,817
Parking fees	1,397,980	1,401,827
Rental expense	12,639,791	13,933,895
Repairs and maintenance	1,623,465	1,705,104
Salaries, wages and related expenses (Note 6)	267,455,475	221,813,220
Seminar and training	10,681,672	23,129,156
Stationery and office supplies	3,458,308	3,684,743
Surveillance audit	490,959	-
Foreign Exchange Gain/Loss	1,315,009	2,554,244
Bad Debt Expense	-	-
Telephone Expenses	3,836,225	-
Internet Expenses	812,244	-
	<u>347,350,650</u>	<u>308,961,351</u>

MARITIME AUTHORITY OF JAMAICA**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020****6 SALARIES AND OTHER RELATED COSTS**

	2020	2019
	\$	\$
Salaries and wages	125,779,503	117,745,343
Senior executive staff remuneration - salaries and wages	44,136,708	47,833,580
- gratuity	9,603,306	9,029,073
Employer contribution	12,879,385	11,022,173
Pension contribution	7,388,582	3,772,215
Motor vehicle upkeep allowance	26,588,300	16,413,900
Gratuities	16,289,800	5,946,461
Provision for vacation leave	3,246,741	3,548,324
Staff welfare	1,586,173	1,379,471
Meal allowances	16,037,327	3,739,970
Other staff costs	3,919,650	1,382,710
	<u>267,455,475</u>	<u>221,813,220</u>

The 2019 numbers were reclassified where the classifications were deemed incorrect.

7 FINANCE INCOME

Finance income comprises the following:

	2020	2019
	\$	\$
Interest income	<u>2,675,096</u>	<u>2,739,879</u>
	<u>2,675,096</u>	<u>2,739,879</u>

8 INVENTORIES

This represents seafarer's certificate of competency on and as at March 31, 2019

9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent:

	2020	2019
	\$	\$
Cash at bank and in hand	<u>207,420,417</u>	<u>178,228,058</u>
	<u>207,420,417</u>	<u>178,228,058</u>

MARITIME AUTHORITY OF JAMAICA**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020**

10 ACCOUNTS RECEIVABLE AND PREPAID EXPENSES

Accounts receivable and prepaid expenses represent:

	2020	2019
	\$	\$
Trade receivables	38,826,212	19,087,860
Prepaid expenses	3,989,790	3,787,780
Other receivables	<u>5,156,291</u>	<u>3,847,875</u>
	47,972,293	26,723,515
Less allowance for impairment losses	<u>(5,380,206)</u>	<u>(5,380,206)</u>
	<u>42,592,087</u>	<u>21,343,309</u>

11 INVESTMENT

	2020	2019
	\$	\$
Available-for-sale at fair value:		
Unit trust	<u>410,608</u>	<u>12,512,249</u>
	<u>410,608</u>	<u>12,512,249</u>

The fair value of these investments is based upon quoted market prices in the case of quoted equity investments traded on the Jamaica Money Master Limited.

12 ACCOUNTS PAYABLE AND PROVISIONS

Accounts payable and provisions represent:

	2020	2019
	\$	\$
Trade payables	9,514,050	4,812,365
Accrued vacation leave	31,393,382	28,146,641
Accrued gratuities	14,169,116	12,643,134
Other accrued expenses	5,408,145	5,686,526
Other payable and accruals	<u>6,138,379</u>	<u>2,078,799</u>
	<u>66,623,072</u>	<u>53,367,465</u>

MARITIME AUTHORITY OF JAMAICA

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2020

13 PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements \$	Equipment \$	Furniture fixtures & fittings \$	Motor vehicles \$	Computers Softwate \$	Computer equipment \$	Total \$
Cost							
March 31, 2018	10,445,637	10,445,629	7,128,250	14,526,822	8,253,199	18,899,924	69,699,461
Additions	-	125,098	1,287,992	8,732,795 (2,227,000)	1,223,400	9,480,772	16,084,044 (2,227,000)
March 31, 2019	10,445,637	10,570,727	8,416,242	16,266,604	9,476,599	28,380,696	83,556,505
Additions	-	18,428	771,656	-	1,866,413	7,712,740	10,369,237
Disposal	-	-	(153,837)	-	-	(1,092,604)	(1,246,441)
March 31, 2020	10,445,637	10,589,155	9,034,061	16,266,604	11,343,012	35,000,832	92,679,301
Depreciation							
March 31, 2019	1,764,190	8,816,015	6,598,037	7,395,036	7,166,863	12,969,180	44,709,321
Charge for year	113,915	1,125,710	317,061	2,473,803	731,413	3,307,367	8,069,269
Elimination	-	-	-	(2,227,000)	-	-	(2,227,000)
March 31, 2019	1,878,105	9,941,725	6,915,098	7,641,839	7,898,276	16,276,547	50,551,590
Charge for year	261,141	399,144	549,447	2,539,915	1,046,402	3,934,401	8,730,446
Elimination			(153,837)			(1,092,604)	(1,246,441)
March 31, 2019	2,139,246	10,340,869	7,310,707	10,181,754	8,944,678	19,118,344	58,035,591
Net book value							
March 31, 2020	8,306,392	248,287	1,723,360	6,084,850	2,398,334	15,882,490	34,643,710
March 31, 2019	8,567,532	629,002	1,501,144	8,624,765	1,578,323	12,104,150	33,004,916
March 31, 2018	8,681,447	1,629,614	530,213	7,131,786	1,086,336	5,930,745	24,990,141

MARITIME AUTHORITY OF JAMAICA

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2020

14 SUBSIDIARY COMPANY

This represents the par value of 99% of the shares of Maritime Technical Service (Jamaica) (MTSJ) Limited. This subsidiary is not consolidated as the financial position, performance and cash flows of MTJ are considered immaterial.

15 NET SURPLUS

Net surplus is stated after charging:

	2020 \$	2019 \$
Depreciation	<u>8,676,013</u>	<u>8,069,269</u>

16 CONSOLIDATED FUND

Based on The Financial Administration and Audit Act 2018, the Authority is required to remit service income to the government of Jamaica any amount over their budget. The amount was calculated as follows:

	2020 \$	2019 \$
Actual service income	168,046,833	191,339,971
Budgeted service income	<u>(186,113,167)</u>	<u>(205,905,000)</u>
	<u>(18,066,334)</u>	<u>(14,565,029)</u>

17 TAXATION

The Authority has been granted exemption from income tax under section 21 (1) of the schedule to the Shipping Act of 1998.

18 FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments.

- (i) Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where such instruments exist, they are valued using present value or other valuation techniques and the fair value shown may not necessarily be indicative of the amounts realisable on immediate settlement of the instruments.

- (ii) The carrying value reflected in the financial statements for cash and cash equivalents, accounts receivable, bank overdraft, and accounts payable are assumed to approximate to their fair value due to their short-term nature. Additionally, the cost of all monetary assets and liabilities has been appropriately adjusted to reflect estimated losses on realisation or discounts on settlement. Loans and other non-current items are carried at their contracted settlement values or reflect the ability to effect set-offs in the amounts disclosed.

- (iii) Fair value hierarchy

The Authority measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1 fair value measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - fair value measured based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - fair value measured based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(b) Financial instruments risks.

The Authority has exposure to the following risks from its use of financial instruments: credit risk, market risk, liquidity risk and cash flow risk. Information about the Authority's exposure to each of the above risks, the Authority's objectives policies for measuring and managing risk is detailed below.

The directors have overall responsibility for the establishment and oversight of the Authority's risk management framework.

The risk management policies are established to identify and analyse the risks faced by the Authority, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Authority's activities.

MARITIME AUTHORITY OF JAMAICA

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2020

18 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge and cause the other party financial loss.

The Authority manages the credit risk by placing funds in secure financial institutions. In relation to accounts receivable, management has a rigorous policy on credit approval and follow-up of receivables.

The maximum exposure to credit risk at the reporting date was:

Cash and cash equivalents are placed with reputable financial institutions that are believed to have minimal risk of default.

Credit is only granted to customers with good credit history. The Authority's exposure to credit risk is mainly influenced by the individual characteristics of each debtor. Management has established a credit policy under which all new customers are assessed for creditworthiness before credit terms are offered. Management's assessment includes reviewing the financial position of the debtor and obtaining suitable references. Sales limits are established and reviewed periodically. Any excess over the limit requires the approval of the Director General.

The aging of accounts receivable at the reporting date and the related loss allowance are as follows:

	2020		2019	
	Gross	Impairment	Gross	Impairment
	\$	\$	\$	\$
0-30 days	7,513,946	-	3,694,029	-
Past due 31-60 days	9,781,373	-	4,808,748	-
Past due 61-90 days	3,314,706	-	1,629,586	-
More than 90 days	18,216,187	(5,380,206)	8,955,497	(5,380,206)
	38,826,212	(5,380,206)	19,087,860	(5,380,206)

The movement in the allowance for impairment in respect of accounts receivable during the year was as follows:

	2020	2019
	\$	\$
Balance at beginning of year	5,380,206	5,380,206
Increase/(reduction) in the bad debt provision	-	-
Balance at end of year	5,380,206	5,380,206

MARITIME AUTHORITY OF JAMAICA

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2020

18 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Market risk:

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in the market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

Management manages market risk by maintaining bank accounts in foreign currency.

i. Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

As at March 31, 2020, the Authority had no significant exposure to this risk.

ii. Foreign currency risk:

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Authority incurs foreign currency risk primarily on purchases, sales and deposits that are denominated in the United States Dollars.

Sensitivity analysis

Concentration of currency risk

The entity is exposed to foreign currency risk in respect of Jamaican dollar equivalent of US dollar denominated assets as follows:

	2020 \$	2019 \$
Cash and cash equivalents (US\$1,541,168)	208,658,795	166,841,045

The following table indicates the sensitivity of surplus/(deficit) to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated cash and bank balances and adjusts their translation at the year-end for 6% (2019 – 6%) depreciation and a 2% (2019 – 4%) appreciation of the Jamaican dollar against the US dollar. The changes below would have no impact on other components of equity.

	% Change in Currency rates 2020 \$	Effect on Surplus 31 March 2020 \$	% Change in Currency rates 2019 \$	Effect on deficit 2020 \$
Currency		Increase/ (decrease)		Increase/ (decrease)
USD	+2	4,173,176	+4	6,673,642
USD	-6	(12,519,528)	-6	(10,010,463)

There has been no change as to how management monitors or manages market risk.

MARITIME AUTHORITY OF JAMAICA

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2020

18 FINANCIAL INSTRUMENTS (CONTINUED)

(e) Liquidity risk:

Liquidity risk, also referred to as funding risk, is the risk that the Authority will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell financial assets quickly at close to its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funds through an adequate amount of committed credit facilities.

The contractual maturity of accounts payable and bank overdraft are within six months.

There has been no change as to how management monitors or manages liquidity risk (f) Cash flow risk.

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount. The Authority manages this risk by generally ensuring that cash flows relating to monetary financial assets and liabilities are matched.

(g) Operational risk.

Operational risk is the risk of direct or indirect losses arising from a wide variety of causes associated with the entity's processes, personnel, technology, infrastructure and external factors, other than financial risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Authority's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to its reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management.

(h) Business risk.

Business risk is defined as the risk to the Authority arising from changes in its business, including the risk that the Authority may not be able to carry out its business plan and its desired strategy. The main business risks identified are the risk of failure of management and the risk of policy change from government rendering the Authority's business model infeasible. To counter this, the Authority has a good governance structure.

19 LEASE COMMITMENT

As at March 31, 2020, the Authority had a Supplemental lease which expires in July 2020.

Amounts charged to profit or loss as expense totaled \$12,639,791 (2019:\$13,933,895).

MARITIME AUTHORITY OF JAMAICA

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2020

19 RELATED PARTY

The Authority has a related party relationship with its subsidiary, other companies under common ownership of directors, as well as with its Directors and senior management. The Directors and senior management of the Authority are collectively referred to as "key management personnel". The following income and expenses were recognised in the statements of comprehensive income during the year:

	2020 \$	2019 \$
Ministry of Transport and Works – Subvention	190,874,517	171,001,000
Key management personnels	<u>61,563,530</u>	<u>63,498,210</u>

20 CAPITAL MANAGEMENT

The Authority's capital consists of accumulated surplus. The Board's strategy is to maintain a strong capital base to support the future development of its operations. The Authority is not subject to any externally-imposed capital requirements. There were no changes to capital management during the year.



MARITIME AUTHORITY OF JAMAICA
2nd FLOOR, 12 OCEAN BOULEVARD
KINGSTON
JAMAICA W1

Tel: 876 967 1060-5 | Cell: 876 878 4350 | Fax: 876 922 5765
Website: www.maritimejamaica.com