

MARITIME AUTHORITY OF JAMAICA



ANNUAL REPORT

For the year 2014-2015

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 9001-2000, which shall serve to fulfill 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.

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BOARD OF DIRECTORS AND MANAGEMENT TEAM

BOARD OF DIRECTORS

Dr. Peter-John Gordon	Chairman
Mrs. Saundra Bailey	Member
Dr. Kevin Harriott	Member
Dr. Nadine McLeod	Member
Mr. Kemel Allen	Member
Mr. Robert Kinlocke	Member
Mrs. Janice Miller	Member
Miss. Valerie Simpson	Member
Rear Admiral Peter Brady	Member
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 Certifications
Mr. Seymour Harley	Director, Shipping and Policy Research
Mr. Michael McFarlane	Director, Corporate Services

REPORT OF THE BOARD OF DIRECTORS

The Shipping Act 1998 ascribes to the Maritime Authority of Jamaica (MAJ) the dual mandate of developing shipping and regulating matters relating to ships and seafarers. On the development front, the 2014/2015 fiscal year saw more emphasis being placed on building the Shipping Centre architecture in keeping with the MAJ's role in supporting the national initiative to develop Jamaica as a Global Logistics Hub. This included activities to facilitate progressive implementation of the "level 1 maritime cluster" comprising bunkering, dry docking and crewing as well as stimulating interest in other ancillary services which are seen as complementary to existing activities and which would serve to widen the cluster.



Signal developments were noted in a number of initiatives pursued which are expected to impact positively on the maritime industry, and are outlined in this report. Worthy of mention is the success in securing funding for, and the commencement of, the study on the potential for establishing ship repair activities in Jamaica. This is an important pillar in the Government's Logistics Hub Initiative and the study is expected to provide the economic and market assessments to guide strategies to attract investors as well as inform efforts to construct a suitable framework to promote this development.

The growth in the mega yacht register as a consequence of the partnership between the MAJ and Mega Yacht Registration Services, continued in 2014/2015. In light of the synergies between mega yachts and the Port Antonio marina, efforts have commenced, in collaboration with the Port Authority of Jamaica and the Ministry of Tourism and Entertainment, to leverage the success of the mega yacht registry. This should increase the number of yacht calls at the marina and generally promote nautical tourism in Jamaica. The amendment to the Shipping Act that introduces the 'Cruising Permit' is an important measure in promoting all of Jamaica as a leisure maritime destination.

Priority continued to be placed on ensuring the compliance of the MAJ with the highest standards of corporate governance. All reporting obligations are met on time.

The Authority also continued the improvement of its financial performance. For the 2014/2015 financial year, revenue grew to \$249.60 million, an increase of \$28 million or 12.63% over the previous period, surpassing the revised budgeted revenue of \$247.87 million. Revenue from services stood at \$99.03 million, a 42.80% improved performance over the previous year and equaling the revised budget. Government Subvention of \$150.57 million accounted for the balance of the Authority's income for the period.

With careful oversight and tight resource management, the Authority's expenditure has been kept within budget and in line with revenue collections. During the 2014/2015 period, expenditure amounted to \$232.35 million, being 5.3% less than that budget. This resulted in an operating surplus of \$17.25 million.

Performances in some key activity areas during the Fiscal Year are reported below.

Ship Registration Activities

Ship registrations increased during the year with the registration of eighty three (83) vessels, bringing the number of large and international vessels on the Register to one hundred and seventy six (176). This included sixty seven (67) pleasure crafts belonging to both local and foreign owners. Two (2) cargo ships were registered through our representative in China.

In March 2015 Cabinet gave consent for the Authority to pursue private investment partnership in an effort to further develop the Jamaica Ship Registry. This will serve to increase the Country's maritime profile as well as enhance the income generating capacity of the MAJ.

Vessel Safety

The Authority has the responsibility to ensure that vessels operating under its purview do so in accordance with national and international standards of maritime safety, security and pollution prevention. It is therefore mandated that the Authority carries out technical surveys/inspections of Jamaican registered ships operating worldwide as well as Jamaican and foreign ships operating in Jamaican waters or calling at Jamaican ports.

For the fiscal year 2014/2015, no Jamaican ship was detained which was due in part to the robust inspection and survey regime of the MAJ. Foreign registered container, bulk-cargo and cruise ships that call at Jamaican ports may be subject to inspections in order to ensure that they do not pose a threat to Jamaica's maritime safety, security and the marine environment on which our tourism product so heavily depends. These inspections also ensure that we meet our obligations under the Caribbean Memorandum of Understanding (CMOU) on Port State Control (PSC). One hundred and sixty three (163) PSC inspections were conducted on foreign vessels using Jamaican ports in 2014/2015. This represents an 11.54% increase over the comparative period last year. The MAJ has met the 15% inspection target stipulated under the Caribbean MOU.

The investigation of marine accidents/casualties that occur within Jamaican waters is also a primary responsibility of the Authority. For the fiscal year 2014/2015 there were five (5) such investigations, a decrease by three (3) over the previous period showing a welcome trend of fewer marine accidents as more vessel handlers abide by the maritime safety regulations.

Examination & Certification of Seafarers

The oversight for the standards of training of seafarers at the Caribbean Maritime Institute (CMI) is the responsibility of the MAJ. The MAJ ensures that training provided by the CMI is consistent with the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW). The Authority establishes and monitors the standards for the training of seafarers, examines the seafarers and issues their Certificates of Competency which are internationally recognized.

Five hundred and eighty-eight (588) examinations were conducted on CMI students for the issuance of Certificates of Competency. While this represents a 4.7% decrease over the previous year, it was 33.64% more than the projected figure. The continued high throughput at the CMI has

forced the MAJ to continue engaging the services of external examiners to augment that of MAJ in-house technical staff.

Endorsement of certificates attesting to further training of professional seafarers stood at forty one (41), a decrease of ten (10) when compared to the previous period. Reciprocal endorsements of Certificates of Competency issued to foreign seafarers employed on Jamaican flagged vessels were two hundred and eight (208). This is 73.33% more than projected for the period. Endorsements are valid for five years. Annually, examinations are also conducted for applicants for coxswain licences – these include boat handlers; those in the tourism watersports industry as well as persons who operate commercial and pleasure crafts. A total of 212 new certificates were issued during the period.

Legislation

During the year Jamaica became party to the International Convention on Maritime Salvage, 1989 which is incorporated in the Shipping Act, 1998. By acceding to the Convention Jamaica has signalled to the international shipping community that it has a modern legal framework for the conduct of salvage operations which includes provisions that encourage salvors to take action to protect the marine environment of Jamaica in circumstances where the salvage operation has not been successful.

Additionally, legislation to remove the Customs duties and other charges on the importation of yachts and the introduction of a “Cruising Permit” also came into operation.

Visit of the Antigua Prime Minister

The Maritime Authority had the honour of hosting the Prime Minister of Antigua and Barbuda, The Honourable Gaston Brown, on November 13, 2014 during his visit to Jamaica. At the meeting *cum* luncheon, the Prime Minister met with Dr. the Honourable Omar Davies, Minister of Transport, Works and Housing (MTWH), Mrs. Audrey Sewell, Permanent Secretary, MTWH, Dr. Peter-John Gordon, Chairman of the Board of Directors, Maritime Authority of Jamaica and Rear Admiral Peter Brady, Director General, Maritime Authority of Jamaica and members of the Senior Management Team of the Authority.

Discussions were held in a number of areas and including the challenges being experienced by the CMI in placing cadets on international trading ships for the practical experience necessary for certification. The Prime Minister reiterated his support for the seafarer programme and expressed the desire to foster collaboration with the owners of ships registered under the Antigua and Barbuda flag with a view to their acceptance of CMI cadets for internship onboard their ships. Antigua and Barbuda is among the top registries globally, ranking 21 with some 1200 ships registered under its flag in 2013. The Prime Minister visited Jamaica as the keynote speaker at the 2014 graduation ceremony of the CMI.



The Prime Minister of Antigua and Barbuda, Honourable Gaston Brown (fourth from right) with members of his delegation and Dr. the Honourable Omar Davies, MTWH, Mrs. Audrey Sewell, Permanent Secretary MTWH, Dr. Peter-John Gordon, Chairman of the Board of Directors MAJ and Rear Admiral Peter Brady, Director General MAJ.

Conclusion

The Authority continued on its path of improved performance to both its operational and financial out-turns. Important progress was also recorded in advancing the development agenda as we seek to position Jamaica to take advantage of the anticipated increased traffic through the Region resulting from an expanded Panama Canal. Additional focus will need to be placed in 2015/2016 on addressing the supply constraints facing the bunkering sector even as we await the recommendations of the study on positioning Jamaica as a drydocking centre and move towards implementation.

The Authority reported a net surplus of \$18.92 million surpassing the previous year by \$3.06 million. It is projected that the Authority will earn \$117 million from fees and receive subvention of \$156 million totaling \$273 million in revenue during the fiscal year 2015/2016. This will be \$23 million above this year's performance resulting from the projected service income being increased by \$17 million and the subvention from the Consolidated Fund by \$6 million.

The Board recognizes and thanks the management and staff for their efforts to grow the Jamaica Ship Registry and for identifying other sources of revenue and commends them for their monitoring and coordinating activities to keep Jamaica's maritime space safe and pollution free.

Lastly, let me thank the Hon Minister of Transport Works and Housing, Dr. the Hon. Omar Davies for his interest and support throughout the year and also to my colleague Board Members for their continuing interest, dedication and good counsel.

Peter John Gordon

Peter-John Gordon, Ph .D.
Board Chairman

DIRECTOR GENERAL'S REPORT

The Maritime Authority of Jamaica has overall responsibility to ensure that Jamaica's maritime affairs relating to marine transportation are conducted to national and international standards through the provision and enforcement of a regulatory framework reflecting best practices. Undergirded by the provisions of the Shipping Act, 1998 the Authority ensures that the international maritime instruments which Jamaica has ratified are implemented and enforced.



In this context during the 2014/2015 period more emphasis was placed on ensuring that Jamaican ships operating worldwide, and foreign ships operating in our waters were compliant with rules and regulations governing maritime safety, security and pollution prevention standards. Our efforts also embraced ship registration and the MAJ's oversight responsibilities for the standards of training of seafarers at the Caribbean Maritime Institute (CMI) and other approved institutions in the Caribbean; all of which are conducted within the framework of a Quality Management System which fosters continuous improvement in our delivery of services to stakeholders.

The Authority is also tasked to drive the development of maritime services, shipping services and activities in keeping with Government objectives to grow the maritime sector as one of the pillars of the economy. The year in review was one of strategic importance as under the direction of the Board, the Authority intensified efforts in pursuit of its developmental mandate.

In keeping with its strategic objectives for the 2015/2016 period the Authority will continue its efforts towards self-sufficiency while supporting and facilitating the drive to expand the country's economic base through the establishment of a wider array of maritime activities. Projected areas for the 2015/2016 period will continue to include:

Development of Jamaica as a Shipping Hub

Ship Repair Facilities

The establishment of ship repair facilities in Jamaica is one of the major components of the Government's Global Logistics Hub Initiative and the Authority initiated a study on the feasibility of establishing ship repair operations with funding secured from the Commonwealth Secretariat through the assistance of Planning Institute of Jamaica. The establishment of ship repair facilities will have a substantial positive impact on the creation of jobs and ancillary maritime services and the study will examine *inter-alia*, the regulatory environment and market demand for dry docking in Jamaica. The study is expected to be concluded in the second quarter of the next financial year.

Bunkering

There are now four bunker suppliers in Jamaica operating out of the Port of Kingston and they bunker ships using barges and tank wagons. The increase in the volumes of fuel delivered *per stem* over the past year has resulted in challenges related to the availability of adequate supplies of fuel and the Authority engaged in discussions with potential investors with a view to broadening the supply base to meet the sector's demands. This will be actively pursued in the coming year.

Strengthening the regulatory framework for bunkering has commenced with the Authority developing a “Code of Practice for Bunkering” which will establish internationally acceptable standards to govern safe and environmentally sustainable bunkering operations in Jamaica. The standards will be rolled out in the next fiscal year.

To increase awareness among stakeholders of best practices in fuel quality management and bunkering operational standards, as well as to increase knowledge of current developments in the global industry, a “Bunkering 101” Workshop was also facilitated by the Authority during the year in collaboration with the Maritime and Ports Authority of Singapore and Veritas Petroleum Services (formerly Bureau Veritas).

Crewing

A number of initiatives were pursued by the MAJ in collaboration with the CMI to secure internships at sea for Cadets to obtain the required qualifying sea-time necessary for sitting examinations and receiving certification as internationally recognized seafarers.

Challenges in receiving berths at sea for CMI cadets had increased as a consequence of the withdrawal of a major partner shipping line, however, during the year contact was established with a manning agency in China through the efforts of the Jamaica Ship Registry representative in China which resulted in engagement of a few seafarers.

Additionally, a major Belgian shipping line EXMAR which had renewed its interest in Jamaican seafarers, had discussions with the MAJ and CMI regarding its plans to further train to the management level those Jamaican seafarers already employed in its fleet, so they can be promoted. They have expressed satisfaction with the performance of some 60 seafarers whom they have already employed, some of whom are female officers.

Other Ancillary Services

Presentations were made to banks on legal issues surrounding ships and mortgage registration and opportunities available for financing the purchase of commercial ships and yachts in order to increase their awareness and to stimulate involvement in the shipping industry.

Jamaica Ship Registry

During the year Cabinet gave its approval for the Authority to engage a suitable private investor partner for the operation, management and promotion of the Jamaica Ship Registry. This partnership is expected to take full advantage of the world class ship registry by increasing the number of vessels registered under the Jamaican flag. This in turn will contribute to the ongoing efforts at self-sustainability as well as support the development of Jamaica’s Shipping Centre activities.

Regulatory

Mass Rescue Operations

Cruise ship disasters such as the COSTA CONCORDIA in January 2012 and the more recent Republic of Korea ferry, SEWOL, in April 2014 which occasioned the launch of extensive Mass Rescue Operations (MRO), brought to the fore the importance of adequate contingency planning to mitigate against the loss of lives, damage to the environment and property from such incidents.

During the year, the MAJ initiated discussions with United States Coast Guard (USCG) for assistance to develop a framework for MRO contingency planning and preparedness in Jamaica in the event of national maritime or aviation catastrophe in our maritime space or in the sea below our Flight Information Region (FIR) controlled by the Jamaica Civil Aviation Authority.

As a consequence, a three-day workshop was convened July 22-24, 2014 to discuss elements of a Mass Rescue Operation Plan. The workshop was conducted by the USCG and involved key entities such as Port Authority of Jamaica (PAJ), Office of Disaster Preparedness and Emergency Management (ODPEM), Marine Police, the JDF along with the JDF Coast Guard and JDF air Wing, Jamaica Civil Aviation Authority (JCAA), Ministry of Health and Ministry of Foreign Affairs and Foreign Trade (MFAFT). In March 2015 an initial multi-site visit at the Donald Sangster International Airport (DSIA), four north coast cruise ship port facilities including Port Antonio were carried out with USCG representatives which contributed to the preliminary review of the draft contingency plan by the USCG and the Jamaican working group.

The MRO Contingency Plan is now going through another iteration by an inter-agency drafting team (Working Group) led by MAJ under the umbrella of the ODPEM. The next steps will include site visits to Donald Sangster International Airport and cruise ship facilities in Ocho Rios, Montego Bay, Falmouth and Port Antonio, where table top exercises (TTXs) will also be conducted with the USCG MRO team and the actual cruise ships in three ports with their special incidence teams. A date for a formal functional exercise will be planned and regional CARICOM partners including Cuba and Dominican Republic will be invited to participate as observers.

Personal Water Craft/Jet Skis

The Authority continues to play a key role in the establishment of a modern regulatory framework for the safe operation of jet skis in Jamaica. The resumption of commercial operations in Ocho Rios has been delayed as a result of a number of factors including the inability of operators to obtain reasonably priced insurance coverage. In this regard the Authority held discussions with a number of local insurance brokers with a view to providing affordable cover for both commercial and private operators of PWC. It is expected that during the next financial period this insurance will be in place.

The Authority is also currently seeking to strengthen the regulatory framework for Jet Ski operations with the development of regulations to introduce age limits, safe speeds, restricted operating areas, safety equipment and a fixed penalty system similar to the regime under the Road Traffic Act.

International Maritime Organization (IMO)

Jamaica continues to be represented at the United Nations specialized agency for shipping, the International Maritime Organization (IMO) by the country's focal point, the MAJ. Through the IMO's Integrated Technical Cooperative Programme (ITCP) Jamaica, as with a number of other Member States, has benefited from the ITCP's capacity building programmes, education at the World Maritime University in Sweden and the International Maritime Law Institute (IMLI) in Malta and also through several training courses in Jamaica, around the Caribbean and in other countries. It should be noted that the MAJ's Legal Officer graduated from IMLI with distinction in the LLM programme in 2014 and was also awarded the prize for best overall performance.

Through the MAJ, Jamaica attends the Technical Committee meetings of the IMO and as a member of the Council participates in the Organization's policy development, budgetary approval for the IMO Assembly, and among other oversight responsibilities, reviews and recommends new international instruments to the Assembly for adoption.

Outlook

In the upcoming year, against the background of regional developments including the expanded Panama Canal opening in the second quarter of 2016 and national development projects, the Authority will strengthen the legal framework for the regulation and development of the maritime sector. Priority areas will include the promulgation of the Maritime Labour Convention 2006 (MLC 2006) amendment legislation, and, the marine pollution legislation which is vital for the implementation of the legal regime relating to the protection of our fragile marine environment from vessel source pollution and to provide for the necessary compensation and liability in the event of an incident.

Additionally, the Authority will continue to discharge its regulatory mandate to ensure that ships operating in Jamaican waters or Jamaican ships worldwide operate in accordance with international standards of maritime safety, security and pollution prevention standards and expand the oversight of maritime training activities in order to support the CMI's effort at ensuring the continued quality of Jamaican seafarers.

The Authority as the leading maritime administration in the Caribbean, will continue its efforts to provide training and development assistance to our CARICOM partners as required.

Conclusion

It has been a satisfying year, one in which the Authority has made strides in discharging both its regulatory and developmental mandate. Both the shipping industry and the pleasure boat sector have expressed satisfaction with the level and quality of service which the Authority has given in the past year. This would not have been possible without the support of the dedicated team of professionals whom I have the honour to work alongside. I take this opportunity to commend the staff for the support extended throughout the year and for the achievements registered, despite the challenges. I also want to express my appreciation to the Board of Directors, for their guidance, support and encouragement.



Rear Admiral Peter Brady
Director General

JAMAICA SHIP REGISTRY (JSR)

One of the functions of the Directorate of Shipping Policy and Research (DSPR) is the administration of the JSR in addition to the Welfare of Seafarers.

During the fiscal year 2014/2015 the Authority has seen significant growth in its vessel registration, primarily due to the marketing thrust to register Mega Yachts. The agreement with Mega Yacht Registration Services (MYRS) to represent the JSR in providing registration services to mega yacht owners has been successful. Since their appointment on March 1, 2013, MYRS has been credited with the launch of the JSR into the yachting market and for exposing the Registry to just over eleven (11) banks and entities providing mortgages to yachts. MYRS conservatively projects four (4) vessels each month for the next year. The goal is to establish Jamaica as the yachting destination of choice in the Hemisphere.

To give the Registry staff an exposure to the Mega Yacht industry the Authority facilitated three members to attend the Florida International Boat Show in Fort Lauderdale, Florida, where seven Jamaican registered yachts were on display. The show is considered the largest yacht show worldwide and targets the cross section of the sector. The exposure was well received, with attendants noting that the exposure enabled them to better appreciate the urgent, at times seemingly unreasonable, demands placed upon them for service delivery.

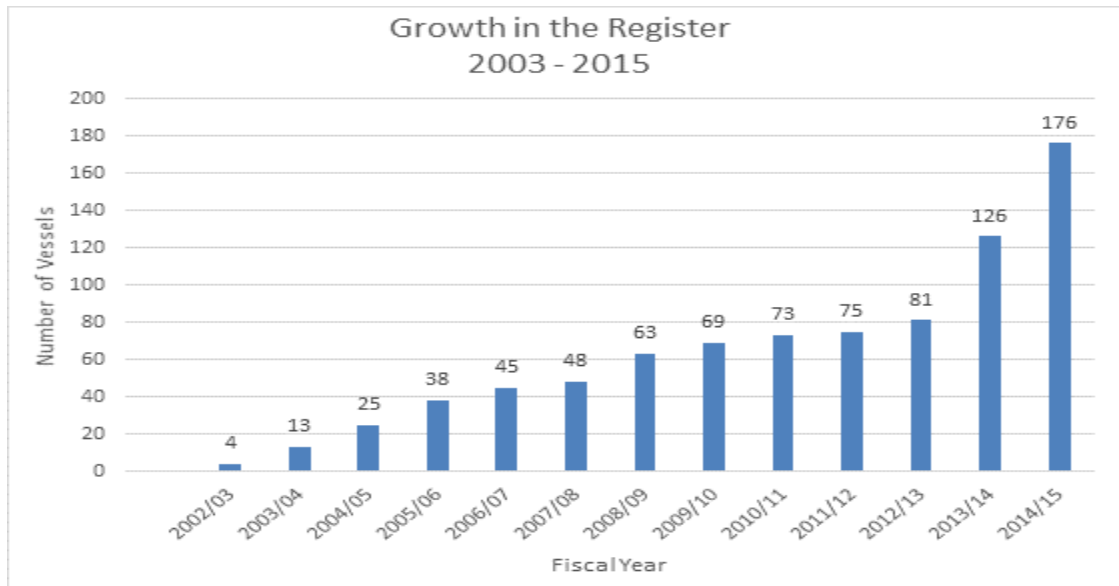
The Authority is pursuing the registration of Domestic Pleasure Crafts domiciled in Jamaica as well as issuing cruising permits to those pleasure crafts cruising Jamaican waters. With the goal of establishing Jamaica as the yachting destination of choice, an effective system is being pursued to issue cruising permits and collect the related fees.

Cabinet has approved the Authority's proposal for a revised ship registry model with the naming of an Enterprise Team of six persons, chaired by Mr. Robert Kinlocke, a member of the Authority's Board of Directors, charged with the responsibility to identify, negotiate and engage a suitable private investor partner for the financing, operation and management of the JSR.

Registration Activity

The year in review ended with a total of 176 large domestic and internationally trading vessels on the register, representing a 32% increase over the total on record for the previous year. Of the eighty-three (83) vessels registered in the year, twelve (12) were commercial vessels, four (4) fishing vessels and the remainder sixty seven (67) are pleasure crafts based both locally and internationally. This compares favourably with the previous year's total registration of fifty seven (57) vessels of which five were not pleasure craft.

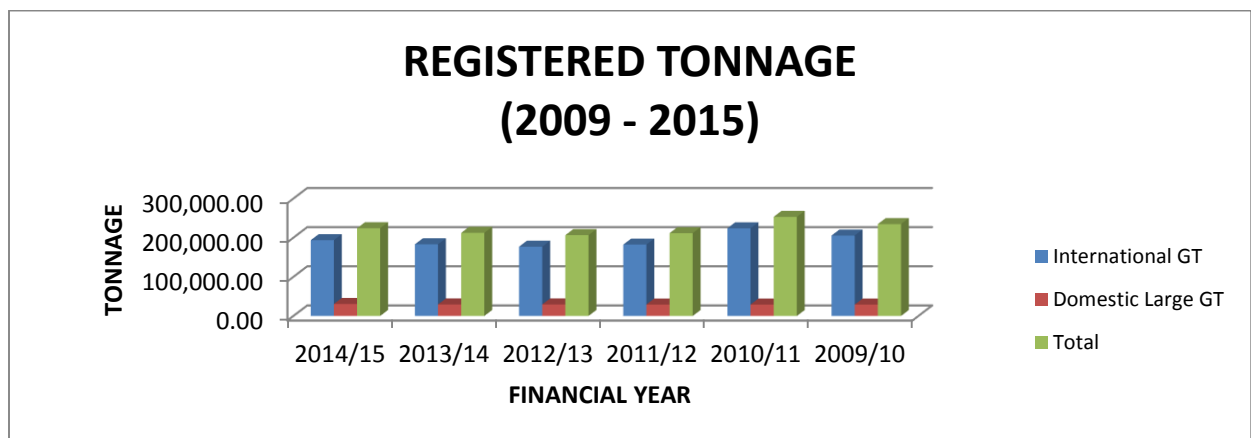
The graph below slows the trend of the number of vessels registered each year since 2003.



The Local Trade operation recorded the certification of eleven (11) vessels for the period being reviewed, five (5) more than the previous period. The revenue realized from this activity is in excess of USD 120,000.00. Revenue from Local Trade Certification is driven by activities in the general economy and outside the control of the JSR. Re-certification of vessels is dependent upon whether activities engaged in extend beyond the initial term of certification.

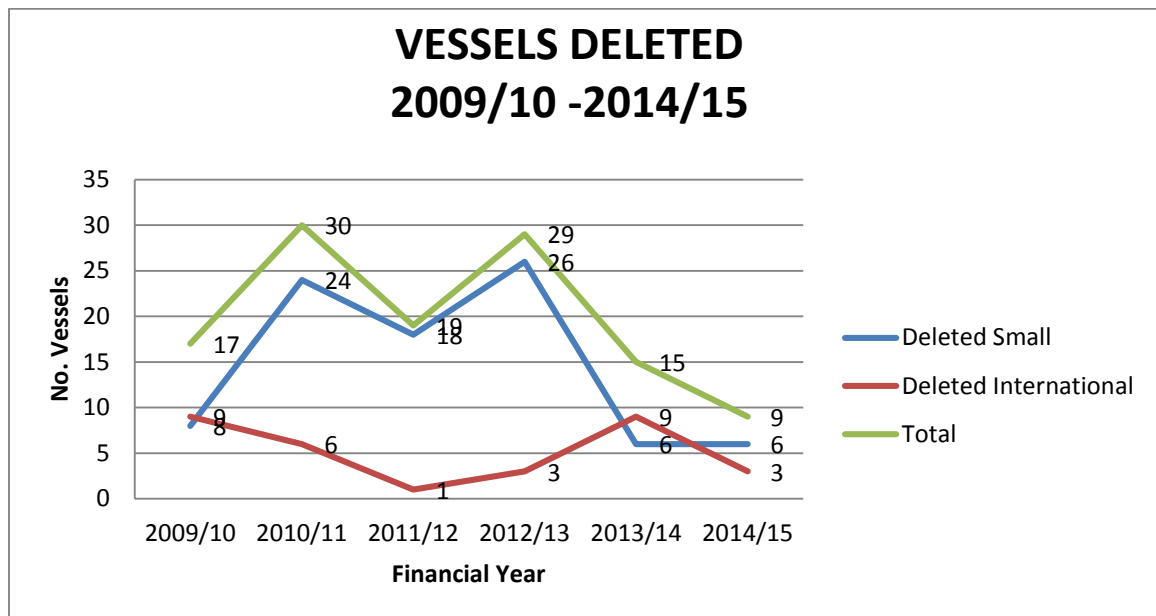
The registered vessels increased the tonnage on the Register by 22,464 gross ton to 177,315.86 gross ton for internationally trading ships and 208,164.29 gross ton for ships on the international register. Total tonnage on the register last peaked in 2010-2011 at 226,509 gross ton when 153 vessels were recorded.

The graph below shows the trend in total tonnage on the register at the end of each financial year beginning 2009/2010.



The JSR retention rate for registered ships continues to improve over the past two years. The JSR had nine (9) deletions for the 2014-2015 period compared to fifteen (15) in the previous period and twenty nine (29) in 2012-2013. The number of deletions of international vessels have not exceeded nine (9) over the past six years. In most cases, deletions are usually attributable to sale of a vessel, with the new owner or mortgagor having a preference for an alternate flag. De-registrations are otherwise undertaken by the JSR in the best interest of the Jamaican Flag where vessels are found to represent a threat. Domestic small vessels continue to experience a higher deletion rate although for the most part, the vessels are retained and re-registered in Jamaica.

The graph below highlights the trend in deletions experienced by the JSR since 2009/2010.



SEAFARER WELFARE

The Shipping Act 1998 required the establishment of a Register of Seafarers, which is, a database of competent and available crew for engagement on-board Jamaican ships and placement where possible on-board foreign ships. The year saw seven (7) registered seafarers being placed, three (3) on Jamaican flagged ships and four (4) on non-Jamaican flagged ships. There has been increased opportunities for Jamaican Seafarers on-board non-Jamaican flagged ships. Through the efforts of the Deputy Registrar in China a relationship was forged with Huayang Maritime Centre (HMC) of China, for the placement of seafarers. Two seafarers identified from the database were placed following interviews by HMC. Interest has been expressed in other seafarers, however, the cost of air travel from Jamaica to where the vessels are docked can be a challenge for Jamaican seafarers.

The Authority continues to pursue the incorporation of the Maritime Labour Convention (MLC) 2006 into national law. The proposal for incorporation is currently being reviewed by the Chief Parliamentary Counsel (CPC). The acceleration of this process is anticipated as without the law

in place the attractiveness of the Jamaican crew can be negatively impacted. Until then however, social media continues to be a useful tool to sensitize seafarers to the provisions of the MLC.

The International Maritime Organization (IMO) recognizes June 25 annually as the “Day of the Seafarer” and is being observed for the fourth year. The theme for the year was “A Career at Sea.” To commemorate the day, the Authority collaborated with the Caribbean Maritime Institute (CMI) to host an event at the Emancipation Park. An address was made on behalf of the Chairman of the Board of Directors of the Authority. The Director General later expounded the merits of a seafaring career during an interview on Hot 102 FM.

SHIP INSPECTION AND SURVEYS

The Directorate of Safety, Environment and Certification (DSEC) continued its programs to protect the safety of life and property at sea, as well as to protect the marine environment, consistent with prudent and responsible development of Jamaican shipping. This is achieved through the survey and inspection of vessels for maritime safety and pollution prevention measures, examination and certification of seafarers and the investigation into accidents and casualties at sea. The directorate includes four surveyors and four inspectors who carry out the various inspections required to assist in ensuring protection of the marine environment.

Port State Control Inspections

Port State Control (PSC) inspections are conducted on marine vessels calling at Jamaican ports in order to ensure that they are operating at international standards of maritime safety, pollution prevention and seafarer welfare.

For the reporting period one hundred and sixty three (163) inspections were conducted. This was thirteen (13) more inspections than the previous year and the highest since 2010-11. This increase was primarily due to higher priority placed on inspecting vessels calling at the Jamaican ports.

The period comparisons are as follows:

<u>Period</u>	<u>Target</u>	<u>Actual</u>
2007/2008		34
2008/2009	132	45
2009/2010	144	115
2010/2011	144	166
2011/2012	144	102
2012/2013	192	141
2013/2014	141	150
2014/2015	121	163

Over the reporting period, fifty seven (57) ships had a total of two hundred and twenty six (226) deficiencies. This is an increase of twenty three (23) more deficiencies than found over the

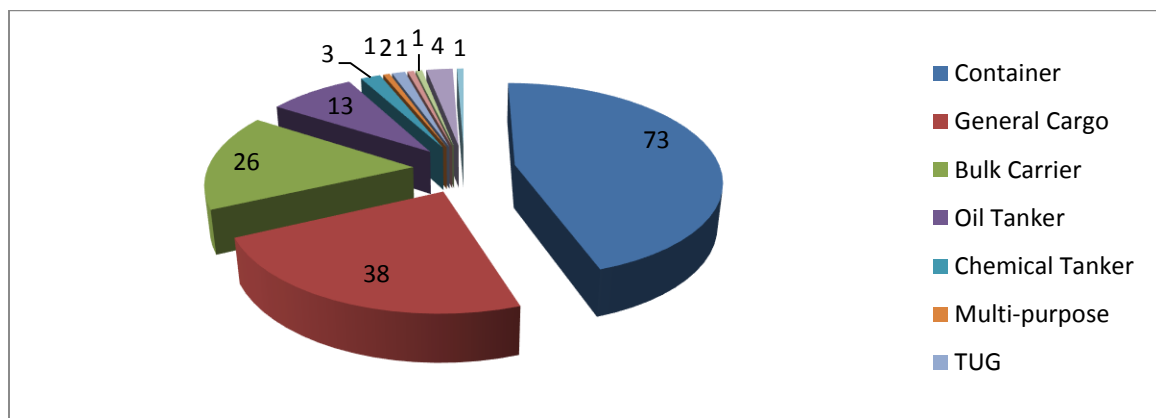
previous reporting period. Eight (8) ships were detained due to safety deficiencies and sub-standard conditions onboard.

The eight (8) ships that were detained had deficiencies in the categories below:

- Working Spaces (ILO 147)
- Life saving appliances
- Load line
- Safety of Navigation
- MARPOL – Annex 1
- Ship's certificates and documents
- Fire safety measures
- SOLAS related operational deficiencies

For the period under review, Container Vessels had the highest number of inspections with 73 out of the total of 163, as shown in the pie chart below.

Types of Ships Inspected



The Caribbean Memorandum of Understanding (CMOU) on PSC has now transitioned to the new database known as the Caribbean Maritime Information System (CMIS) and Jamaica is fully operational on this new database. The CMIS has additional features to assist PSC inspectors in targeting ships. The sharing of data with other MOUs and related International agencies will soon be added to the CMIS.

It should be noted that Jamaica exceeded its minimum mandatory requirement of 15% inspections of ships calling at the Jamaican ports as required by the CMOU on PSC in the calendar year 2014.

Flag State Inspections

The Authority conducted seventeen (17) Flag State Inspections on Jamaican registered vessels located at home and abroad. This is a decrease of five when compared to the previous financial year.

The period comparisons are as follows:

<u>Period</u>	<u>Target</u>	<u>Actual</u>
2007/2008		16
2008/2009	20	20
2009/2010	24	24
2010/2011	20	20
2011/2012	20	19
2012/2013	16	12
2013/2014	16	22
2014/2015	17	17

Local Trade Inspections

Local Trade inspections are conducted on foreign flagged ships that are trading 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.

Over the last financial year, nineteen (19) such inspections were done. This is an increase of six (6) over the previous year.

The period comparisons are as follows:

<u>Period</u>	<u>Target</u>	<u>Actual</u>
2009/2010	12	26
2010/2011	12	13
2011/2012	10	9
2012/2013	10	10
2013/2014	10	13
2014/2015	10	19

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. During the period one thousand six hundred and sixty three (1,663) small vessels were inspected. This is an increase of four hundred and ninety (490) vessels over the corresponding year reflecting an increase of 41.77%. This programme is very important in protecting the safety of locals and foreign visitors in Jamaica's water space.

In summary, 1,663 vessels (new and renewals) were inspected, of which 1277 were non-motorized and 386 were motorized.

The period comparisons are as follows:

<u>Period</u>	<u>Target</u>	<u>Actual</u>
2007/2008		1,319
2008/2009	1200	1,375
2009/2010	1200	1,326
2010/2011	1200	1,870
2011/2012	1300	1,189
2012/2013	1300	1,254
2013/2014	1300	1,173
2014/2015	1300	1,663

Marine Casualty Investigations

A total of five (5) marine casualty investigations were carried out for the reporting period, a decrease of three (3) compared to the previous year, as follows:

1. Fishing canoe ran over swimmers, no deaths – Coyaba Hotel, Montego Bay 08 Apr. 2014
2. M/T Star Thames ran aground Kingston Harbour 14 June 2014
3. Boating accident at Jewel Resort, Mammee Bay – 18 June 2014
4. M/V Lagounda - Collision at Kingston Wharves Ltd.
5. M/V Cedar – Collision at Kingston Wharves Ltd.

Certification & Licensing of Seafarers

The Authority is responsible for ensuring that the training standards at the Caribbean Maritime Institute (CMI) are maintained at International levels. This is achieved through its Standards of Training, Certification and Watchkeeping 1978 programme of examining and certifying seafarers according to IMO standards. The Authority conducts a Seafarers' certification programme for Jamaican trained seafarers and foreign trained seafarers working on Jamaican flagged vessels in accordance with standards established under the International Convention governing training and certification of seafarers (STCW), as amended.

For the 2014/2015 financial year, the following activities were conducted:

- STCW Certificate of Competence (COC) revalidated – 26
- STCW COC, new issued – 31
- Endorsements attesting to further training – 41

The table below shows the examinations and certifications conducted over an 8 year period:

<u>Period</u>	<u>COC Revalidated</u>	<u>COC New</u>	<u>Endorse Trg.</u>
2007/2008	20	11	35
2008/2009	32	16	43
2009/2010	18	51	17
2010/2011	13	52	52
2011/2012	22	19	60
2012/2013	18	50	62
2013/2014	29	66	51
2014/2015	26	31	41

Examination for the Issuance of COC

During the financial year, five hundred and eighty eight (588) examinations were conducted for CMI students and other candidates in a range of subject areas. The areas covered were:

- Engineering
- Navigation
- Maritime law

The examinations conducted for COC over 8 years are shown in the table below:

<u>Period</u>	<u>Target</u>	<u>Actual</u>
2007/2008		181
2008/2009	245	294
2009/2010	245	519
2010/2011	245	498
2011/2012	440	652
2012/2013	440	699
2013/2014	440	617
2014/2015	440	588

The 2014/2015 period showed that examinations conducted were reduced by 290. However, the target of 440 examinations was surpassed by 148. The Authority continues to ensure that adequate resources are in place to handle the magnitude of examinations as well as to increase the PSC inspections for the 2015/2016 period. External examiners were contracted to augment the in-house examiners. However PSC inspections can only be conducted by MAJ appointed surveyors or inspectors.

Reciprocal Recognition Endorsements

The Authority has formal agreements with several countries for reciprocal recognition of seafarer certification issued by their respective Administration and the MAJ. This facilitates recognition and endorsement of certificates of seafarers employed on Jamaican ships who were not trained in

Jamaica. During the financial year, two hundred and eight (208) Reciprocal Recognition Endorsements were issued to foreign seafarers engaged onboard Jamaican registered ships and Jamaican seafarers trained abroad. This is 14 or 6.31% less than what was issued during the corresponding period last year.

Endorsements issued over an 8 year period are shown below:

<u>Period</u>	<u>Target</u>	<u>Actual</u>
2007/2008		62
2008/2009	40	109
2009/2010	40	276
2010/2011	120	142
2011/2012	120	333
2012/2013	120	207
2013/2014	120	222
2014/2015	120	208

Coxswain Licenses

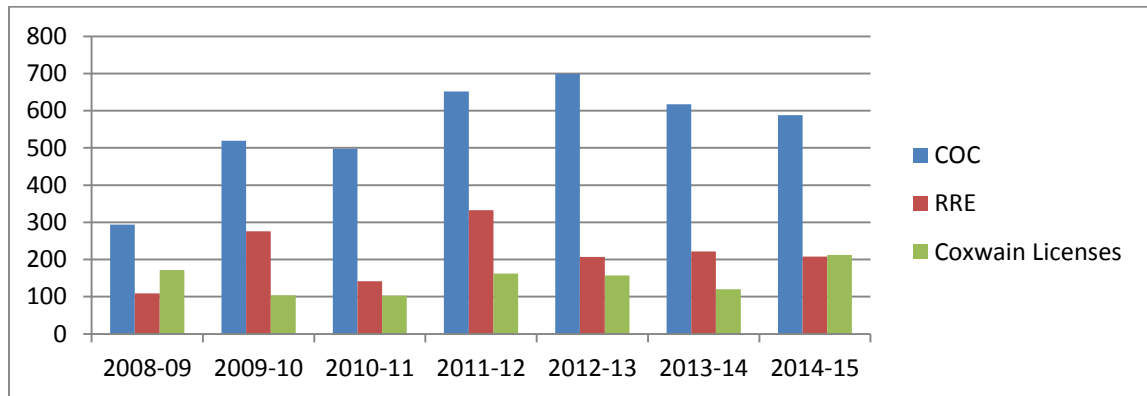
The Authority also tests and issues local boat handlers with coxswain licenses. For the year, two hundred and twelve (212) Coxswain licenses were issued to boat handlers. This is an increase of ninety two (92) when compared with the previous year.

A total of one hundred and seventeen (117) coxswain examinations were conducted over the reporting period. An increase of 46 examinations over the previous period.

Coxswain licenses issued since 2007 are shown below:

<u>Period</u>	<u>Target</u>	<u>Actual</u>
2007/2008		176
2008/2009	120	172
2009/2010	120	104
2010/2011	120	103
2011/2012	120	162
2012/2013	120	157
2013/2014	120	120
2014/2015	120	212

Certification issued over seven years are represented below:



Long Range Identification and Tracking (LRIT)

This system is fully operational. Jamaica and its other three partner countries were audited by the LRIT Coordinator last year and no non-conformance reports were issued. The audit fees are being shared evenly among the four member States. The four states are:

- Belize
- Dominica (Commonwealth of)
- Guyana
- Jamaica

DEVELOPING JAMAICA AS A SHIPPING CENTRE

The Authority continues its pursuit to develop Jamaica as a Shipping Centre. Activities includes the creation of a shipping centre, short sea shipping, and growing of the shipping fleet. The Commonwealth Secretariat sponsored a formal study for the development of shipping-related activities in Jamaica and noted the importance of the shipping industry as a significant contributor to the country's economy. The study proposed that the development commenced with what is termed "Stage 1 Maritime Cluster" which would be the nucleus of the maritime hub. This stage would embrace three elements: dry docking, bunkering and crewing.

The Commonwealth Secretariat extended its support to Jamaica by sponsoring another study to position Jamaica as a Bunkering location. The final report of this study was presented in April 2013 with one of the main recommendations being to "Establish a central coordinating body for bunkering development." A cabinet submission to the effect entitled "Establishment and Growth of bunkering Activities in Jamaica" was submitted to the Ministry of Transport, Works and Housing for their review and presentation to Cabinet. This was circulated to other related Ministries for review and a report for finalizing the Cabinet submission is being awaited.

The other aspect of Stage 1 Maritime Cluster, is to develop the Dry Docking element of the proposed Shipping Centre. A presentation was made to the World Bank with a view to securing funding to conduct a study to establish dry docking facilities in Jamaica, however this did not

materialize. Funding for the study was successfully secured through the Commonwealth Secretariat who contracted Mike Mundy and Associates. An Inception Mission took place on February 23-27, 2015 with discussion with the relevant stakeholders. The draft report is now being awaited.

OTHER ACTIVITIES

Maritime Training

The Authority has oversight responsibilities for the training of seafarers under the International Convention governing the training and certification of seafarers (STCW). During the period the Authority continued to work closely with the Caribbean Maritime Institute (CMI) to ensure seafarers training is of the highest quality. In this regard, the MAJ approves the syllabus used by CMI and examines candidates for the issue of certificates of competency. In addition the Authority conducts an annual Administrative Audit of the Institute and implements monitoring programmes.

Legislation

The Directorate of Legal Affairs provides legal support to the Authority in the conduct of its activities, particularly with respect to ship registration, marine pollution and maritime safety and security issues. The Directorate's main responsibilities include recommending international maritime conventions to which Jamaica should become party, facilitating the preparation of legislation for enactment, providing legal advice in areas such as ship registration and mortgages, maritime accidents and pollution as well as participating in the conduct of casualty investigations. The Directorate also carries out the function of general legal counsel, providing advice on commercial, industrial relations and other issues affecting the Authority as a body corporate.

During the period, the following was accomplished in our efforts to meet international standards:

- Enact legislation on Marine Environment Protection:
 - Draft Terms of Reference for working group established, and prepare draft strategic plan for detailing of activities by RAC REMPEITC-Caribe
 - Provided comments on the proposed amendments to the Pilotage Act
- Enact Regulation for operation of Ship Registry:
 - Reviewed and provided comments on the Shipping (Declaration of Port Registry) Order, 2014
 - Reviewed and provided comments and draft Cabinet Submission for the privatization of the JSR
 - Revised Draft Cabinet Submission on the privatization of the JSR.
- Drafting instructions for the following legislations are before the OPC:
 - Legislation to incorporate the International Convention for the Control and Management of Ships' Ballast Water and Sediments, 2004.
 - Legislation to provide increase in fees for services provided by the Authority - Shipping Fees (Amendment) Regulations, 2014.
- The promulgation of the Shipping (Declaration of Ports of Registry) Order, 2014
- Drafting Instructions for the incorporation of the Manila Amendments to STCW '78 as amended were sent to the OPC.

- Acceding to the International Convention on Maritime Salvage, 1989 which is incorporated in the Shipping Act, 1998.

The Regulation of Personal Water Craft (Jet Ski)

The Director, Legal Affairs, attended meetings of the inter-agency committee tasked with the regulation of Jet Skis and provided advice in relation to the following:

- Establishment of launch sites on private and commercial properties
- Importation of Jet Skis
- Regulatory framework for Jet Skis
- Notice of detention

International Maritime Organization Activities

Each year the IMO schedules a number of Conventions and sub-committee meetings to implement and review regulations to govern maritime activities worldwide. The Authority sends representatives to specific meetings that have direct implications on Jamaica's maritime interests. The following is a brief of some of the meetings attended.

- The inaugural meeting of the Implementation of IMO Instruments (III) was held in London from July 14 – 18, 2014 and was attended by the Deputy Director General of the Authority. This inaugural meeting of the III is a result of the restructuring of IMO sub-committees with the scope of the III sub-committee broadened from its flag State focus to now include port and coastal States activities. This points to the IMO's focus on ensuring the implementation of its Instruments and the theme for the 2014 World Maritime Week – "IMO Conventions: Effective Implementations."

The elected chairman and deputy chairman were representatives of the Bahamas and Canada respectively. During the meeting several issues were discussed based on the agenda, including a detailed review of the audit findings under the VIMSAS conducted since the inception of the Scheme; finalization of the guidelines on PSC under the Ballast Water Management (BWM) Convention; analysis of casualty investigation reports into the Costa Concordia, Danny F2, Swanland, and revision of PSC guidelines under the ISM Code.

- The Marine Environment Protection Committee (MEPC) of the IMO held the 67th session on October 13 – 17, 2014. Relevant items discussed at the meeting include, the implementation of the Ballast Water Management convention, consideration of proposed amendments to MARPOL and further work on the implementation of energy efficiency regulations pertaining to MARPOL Annex V1.

ISO 9001:2008 Certification

The Authority was successful in its annual Surveillance Quality Management System Audit (QMS) conducted by ABS Quality Evaluations, Inc. on December 9, 2014. The current ISO certificate will expire on November 10, 2016 hence requiring a renewal audit scheduled for November 11-13, 2015. The ISO certificate will be renewed for another three years on a successful

review of the Authority's QMS. A new standard, ISO 9001:2015, is scheduled to be published in September 2015 and organizations will have three years to implement the new standard.

Caribbean Port State Control Committee (CPSCC) 19th Annual Meeting

Jamaica through the Authority hosted the CPSCC 19th annual meeting from June 23-25, 2014. The meeting was attended by senior administrators of maritime member States and observer States. The executive body of the CPSCC directed the discussion of technical matters inclusive of the revision of the Code of Safety for Small Commercial Vessels (SCV Code), the development of a new database system – the Caribbean Maritime Information System, updates on the training of port State control officers in the region, the treatment of sub-standard ships and the performance of Recognised Organisations and Flags operating in the CMOU region.

World Maritime Week

Jamaica along with the rest of the world celebrated World Maritime Week on September 21-26, 2014 with the theme "IMO Conventions: Effective Implementations." The week encompassed World Maritime Day on September 25. The Authority spearheaded a number of activities to celebrate the week, inclusive of a church service on the Sunday September 21 and a three-day exhibition on CMI grounds supported by other industry partners. On the Thursday, World Maritime Day, there was extensive media coverage with representatives from the Authority and CMI informing Jamaica of the role of the two entities and further bore out the importance of implementing those IMO conventions to which Jamaica is party. The week concluded with a tour of the Kingston Harbour on a 75 foot vessel the *Flying Fox* with brunch onboard the vessel.

Visit of the Prime Minister of Antigua

The Prime Minister of Antigua, The Honourable Gaston Brown, visited Jamaica as the guest of honour at the 2014 graduation ceremony of the CMI where he delivered the key note address. The Honourable Prime Minister paid a courtesy call at the Authority on November 13, 2014 where he met with Dr. the Honourable Omar Davies, Minister of Transport, Works and Housing (MTWH), Mrs. Audrey Sewell, Permanent Secretary, MTWH, Dr. Peter-John Gordon, Chairman of the Board of Directors, Maritime Authority of Jamaica and Rear Admiral Peter Brady, Director General, Maritime Authority of Jamaica.

In the ensuing discussions the Prime Minister of Antigua and Barbuda committed to exploring the scope for placement of Jamaican seafarers on-board Antiguan Ships. He also took the opportunity to meet members of staff.



The Hon. Gaston Brown greeting Natola Meredith, Registrar of Ships

Workshops and Training Seminars

The Authority seeks to ensure that both its marine 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 held using both local and foreign presenters.

The major ones held during the period are as follows:

- **Mass Rescue Operations Workshop**

Two experts from the US Coast Guard, Perter Culver and Michael Benson, were invited to conduct a comprehensive four day training workshop with representatives from the relevant Ministries, Departments and Agencies within the Government of Jamaica in Kingston.

- **Bunkering 101 Workshop**

The Authority in association with Veritas Petroleum Services and Maritime and Port Authority of Singapore hosted the workshop to increase awareness of international best practices in bunkering operations which is expected to further facilitate the expansion of the bunkering industry in Jamaica. The workshop provided detailed discussions on the supply of fuel to ships, domestic and international regulations and standards, the refining process and bunker operations. Participants were bunker suppliers, operators, surveyors, regulators and facilitators.

- **Maritime Security Train the Trainer Course**

The Authority facilitated a five-day Train the Trainer maritime security workshop on International Ship and Port Facility Security (ISPS) Code, sponsored by the IMO. The workshop was interactive and provided first-time IMO maritime security training to new players in the business, government agencies, and to private sector companies which operate large commercial port facilities and offered upgraded refresher training to attendees who had been a part of a similar workshop in 2008.

- **Maritime Security Trainer Course**

The Authority facilitated a five-day course for security personnel at Jamaican port facilities, who are required to have an awareness of the maritime security measures contained in the International Ship and Port Facility Security (ISPS) Code. The participants comprised both government agencies and the private sector.

PUBLIC RELATIONS

Overview

The Authority has involved itself in a number of activities to increase public awareness both locally and internationally through the Public Relations Unit. The dissemination of materials and participation in activities of other stakeholders within the shipping industry has made an impact on the public and clients are sensitized to the requirements to facilitate an effective and efficient interface with the Authority.

The following press releases were prepared:

- **Maritime Authority of Jamaica detains grounded tanker** – Panamanian flagged oil tanker M/V Star Thames ran aground in Kingston Harbour on Tuesday June 10, 2014.
- **Jamaica hosts Caribbean Port State Control Committee** – The 19th Annual meeting of the Caribbean Port State Control Committee (CPSCC 19) June 23–26, 2014, put on by the Secretariat of the Caribbean Memorandum of Understanding (CMOU), held at the Holiday Inn Sun Spree Resort, Montego Bay, Jamaica.
- **US Coast Guard to assist Jamaica with Mass Rescue Operations (MRO) planning and capacity building** – Training workshop conducted by Paul Culver, subject matter expert from the U.S. Coast Guard, and Michael Benson. Pulled participants from relevant ministries, departments and agencies within the Government of Jamaica.
- **Jamaica’s Maritime Industry celebrates Maritime Awareness Week** – Observance of World Maritime Day during a week of activities September 22-26, 2014.
- **Jamaica facilitates maritime security workshop** – Facilitation of two Maritime security workshops. (1) Five-day (November 3-7, 2014) Train the Trainer workshop on International Ship and Port Facility Security (ISPS) Code, sponsored by the International Maritime Organization (IMO). This was conducted by Brian Cranmer and David Hanna. (2) Five-day (November 10-14, 2014) Security Trainer course for security personnel at port facilities.
- **Recovery operations – wreckage of Socata TBM aircraft N900KN off Jamaica’s Northeast Coast** – Salvage operation - Government of Jamaica, through Maritime Authority of Jamaica, Jamaica Civil Aviation Authority and ECLIPSE Group - to identify and recover the remains and aircraft wreckage from the seabed north of Port Antonio. On September 5, 2014, a private aircraft with US citizens Larry and Jane Glazer, disappeared into the sea near Port Antonio.

Contributed Articles

The following articles were published.

- **Women need training to survive in maritime sector – Jamaicans tell international conference** – The Gleaner, June 17, 2014.
- **We salute all seafarers** - The Gleaner, June 24, 2014.
- **Seafarers hailed for contribution** –JIS website, June 25, 2014.
- **Legal Officer at Maritime Authority graduates with distinction** – The Sunday Observer, July 6, 2014.
- **Highlights from the SAJ’s 75th Anniversary Run/Walk** – The Gleaner, July 8, 2014

- **SAJ says thank you** – The Gleaner, July 22, 2014
- **Maritime Authority of Jamaica’s legal officer graduates with distinction** – The Gleaner, July 15, 2014
- **Suspension of private jet-ski operations to be lifted July 18** – information supplied by MAJ; released from the Ministry of Tourism and Entertainment, July 18, 2014
- **Bertrand Smith – laying the foundation for a modern legal framework for Ja’s shipping sector** – The Gleaner, August 19, 2014
- **IMO as a global regulatory agency – World Maritime Day message** – The Gleaner, September 23, 2014
- **Articles on the visit of the Antiguan Prime Minister Gaston Brown and his delegation to MAJ/Jamaica** – Observer website, November 15, 2014; JIS website, November 16, 2014; The Observer, November 17, 2014.
- **Larger ships bring challenges for Caribbean ports** – Portside Caribbean magazine, February 2015 edition.
- **Bodies of Americans, wreckage of plane found** – The Observer, January 22, 2015
- **Aircraft debris, bodies of Americans found off coast of Port Antonio** – Gleaner January 22, 2015.
- **MAJ’s congratulatory message to CMI** – ‘Achievement supplement’ Sunday Gleaner, February 15, 2015.
- **Claudia Grant – passionate about the maritime industry (Part 1)** – The Gleaner, February 19, 2015.
- **Be on the cutting edge – Claudia Grant (Part 2)** – The Gleaner, March 3, 2015

Media Appearance

The following were media appearances by senior officers of the MAJ:

- **NewsTALK93.** June 25, 2014 - Interview with Rear Admiral Peter Brady
- **NewsTALK93. The Evening Edition.** July 22, 2014 - Interview with Rear Admiral Peter Brady
- **RJR’s Beyond the Headlines.** July 22, 2014 - Interview with Rear Admiral Peter Brady.
- **CVM TV’s morning show “CVM at Sunrise”.** September 25, 2014 - Interview with Rear Admiral Peter Brady as part of the World Maritime Week Activities.
- **RJR’s morning TV show “Smile Jamaica”.** September 25, 2014 - Interview with Bertrand Smith, MAJ, Dr. Fritz Pinnock, CMI and Cmdr. Henry Tomlinson, MAJ.
- **RJR’s Beyond the Headlines.** September 25, 2014 - Interview with Rear Admiral Peter Brady and Bertrand Smith

Advertising

The Authority placed promotional advertisements in the Portside Caribbean Magazine, The Daily Gleaner and The Observer highlighting the various activities being promoted during the period.

MAJ Website

The Authority is developing a Maritime Authority of Jamaica website, as the main website, with a link to the Jamaica Ship Registry website, to make for a more attractive, user friendly and relevant website.

Social Media Networking

The MAJ's Facebook Page is continuously monitored and updated with news items of interest. Seafarers and Cadets are kept abreast of activities in the industry. They also use Facebook to communicate with the Authority.

Informational/Promotional Material

Christmas cards were designed in-house and the staff were involved in the local and international distribution of the cards to clients and acquaintances. MAJ calendars were also printed with the image of a Jamaican flagged yacht, 'Gravitas' used with permission.

Staff Communication

The staff is kept abreast of the activities the Authority is involved in via the newsletter that is sent out on the intra-net and also placed on the notice board.

Community Service

The MAJ through the Social Club hosted its annual treat for the children of Reddies' Place of Safety on December 21, 2014. The children were treated with meals and gifts. The children and Authority's staff shared recitations and songs, which made for an enjoyable afternoon for all participants.



The Deputy Director General, Mrs. Claudia Grant, shared a skit with the children at Reddies' Place of Safety on December 21, 2014.

HUMAN RESOURCE AND STAFF WELFARE

The Authority is striving to have in place its authorized staff complement. During the period a Marine Surveyor was employed which now takes the number of Marine Surveyors to four out of the required six. There is still the need for two more Senior Engineers to complete the required complement of Surveyors. The Authority still has difficulty in attracting qualified marine personnel to fill the vacant marine surveyor posts as qualified Surveyors are able to find more lucrative positions in other countries and on board ships. Despite this, the Authority continues to invite qualified persons to apply for the vacant Marine Surveyor posts.

The Director, Shipping Policy and Research who was seconded to the Ministry of Industry, Investment and Commerce resigned to take up the post assigned there and the vacancy was filled internally.

Training and Development

The Authority continues to identify training possibilities for the development of its staff through internal and external facilities. During the period training and development opportunities were extended to staff in the form of workshops, seminars and courses as it related to their field.

Some of these training include:

- Navigational Communications and Search and Rescue seminar held at the IMO Headquarters in London.
- Proficiency in Surveillance Craft Rescue Course and Basic Safety Training conducted at the CMI.
- MARPOL Regional Workshop to promote the Ratification and Implementation of the Cape Town Agreement in Belize City, Belize

The Authority facilitated the provision of a scholarship from the International Maritime Law Institute (IMLI) in Malta for the Legal Officer, Miss Vannessia Stewart, for the 2013-2014 Academic year commencing October 2013 to pursue a Master of Laws in International Maritime Law. She was awarded that Degree with distinction at the graduation ceremony held on June 7, 2014 where she was also awarded the Comité Maritime International (CMI) Prize for Best Overall Performance in the Master of Laws Programme. As part of that latter award she was invited to attend the 2015 Colloquium of the Comité Maritime International in Istanbul Turkey (June 7-9, 2015) where she will make a presentation on: *The Fair Treatment of Seafarers in Cases of Abandonment: A Caribbean Perspective*.



Miss Stewart receiving her CMI prize for Best Overall Performance in the Master of Laws Programme

Staff Meetings

Staff meetings were held on a quarterly basis to discuss matters of interest to the staff inclusive of the Conditions of Service for the Authority. On occasions, organisations and individuals are invited to make presentations to the staff members on matters of interest and issues of concerns. These presentations are well received by staff members.

Performance Management and Appraisal System (PMAS) Activities

The implementation of the PMAS continues. The PMAS offers a better way of appraising staff which links the work plans of each individual with that of the corporate and strategic plan of the organization. As part of the implementation process, it is necessary to have the job descriptions rewritten in a specified format, which is 'output focused'. This also gives the opportunity to review the tasks assigned to each position, which may have changed over time, and to make any necessary structural adjustment. An authority in the field of appraisal systems was contracted to assist in preparing the 'output focus' job descriptions. Once those are completed and the work plans of each unit and each individual is prepared, the appraisal can be introduced quarterly then annually.

Staff Welfare and Wellness Program

The Authority continues to promote staff wellness through meetings and promotions. During the year the Authority continued to assist staff members with the paying of the administrative fee for those registered with the Express Fitness Gym. Approximately 18 persons took advantage of the reduced rate offered by Express Fitness which is located in the Digicel Complex, Ocean Boulevard. The Authority also sponsored those willing to participate in 5k run/walk events. Members of staff participated in two sponsored 5K run/walk events, The Shipping Association of Jamaica 75th Anniversary 5K run/walk and the Digicel 5K Night Run/Walk.



Members of staff who participated in the Shipping Association of Jamaica 5K Walk/Run on June 28, 2014

January 27, 2015 was designated as Health Day. The staff was able to get their Health screening tests done by a team of persons from Sagicor Health at a minimal cost and Dr. Winston Dawes of Mahogany Health and Fitness held a talk entitled 'Good Health Practices'.

INFORMATION SYSTEMS

The Authority went on a drive during the 2014-2015 financial year to upgrade its computer systems. This includes upgrading the computer network to facilitate virtualization which will be completed over a two year period and acquisition of a power management system. The software development continues to be of high priority as the Authority expands its marketing programme.

Maintenance and Expansion of Computer Networks

The first phase of the project to upgrade the network, which included one server sized for virtualization, one Storage Attached Network (SAN), one Network Attached Storage (NAS) to facilitate backups, server rack and requisite Operating Systems and software, was implemented in July 2014 and completed in March 2015.

The second phase of the project – which is to implement redundancy and recovery in the architecture – will be completed during the 2015/2016 Financial Year.

During the period obsolete equipment were replaced in order to maintain an efficient operation. Four desktops and one laptop were procured over the period.

Power Management

The 40kVA FG Wilson generator was installed in June 2014 has since served the Authority well as we experienced many power outages and were able to continue working without any difficulties. In particular, for one week and a half, the vicinity of Downtown Kingston experienced low voltage from JPS and the generator worked well ensuring that the Authority never lost contact with all its overseas clients throughout the period.

Software Development and Procurement

Software development continues to be an important part of the IT Department's program. As the Authority sought to widen its marketing programme and invite ship owners from across the globe to register their ships with the JSR, it is important that the organization has in place the appropriate programs to meet the expected standards.

- **Certification Database Application**

The Certification Database Application was installed and tested on the Authority's servers during August and September 2014. After installation and testing of the Application it was realized that an additional module was required for previously issued certificates that could not be facilitated by the current software. This additional module was created and data entry of the records began in February 2015. The Application will be fully utilized during the first quarter of the 2015/2016 Financial Year.

- **Office 365 – Mobile Office**

In December 2014, the Authority signed an Agreement with Microsoft for Office 365 Cloud services. It was prudent to take up this offer from Microsoft as it was more cost

effective than renewing and upgrading the former Lotus Notes application, and provided access to information for staff members to increase productivity by allowing them to work anywhere, anytime, on any device. Implementation of the Office 365 solution commenced in February 2015 and all email migration, user accounts and installation of Office 2013 on desktops and laptops was completed by March 2015. The implementation and use of the Cloud Storage and SharePoint services will be done in the first to second quarter of 2015/2016.

LIBRARY AND DOCUMENTATION CENTRE

Overview

The use of the library by both internal and external clients was much better during the fiscal period being reported on. However acquisition of publications was down for the same period.

Records Management

The Records Management Activities slowed down during the period as there were challenges that were being addressed. The administrative assistants are still working closely with the Records Management Unit to create and maintain the filing system in all directorates. The administrative assistants for the most part have been in consultation with the Documentation Registrar and are updating files as guided.

Access to Information Requests

Requests for information were facilitated through the Access to Information Unit. During the period five requests were received and honoured. Monthly and quarterly reports have been submitted to the Director of the Access to Information Unit.

Acquisition of Publications

The Authority acquired 125 reference publications which were added to the Library's collection for the year under review. These publications were acquired via donations and purchases.

The library continues to receive gifts from Fairplay Magazines, IMO News, Safety at Sea and Caribbean Maritime News.

Library Technical Services

A total of fifty five publications were catalogued and uploaded to the Cataloguing database. The majority of these publications were donated by members of staff and professional organizations.

Use of Library Resources

Reference consultations amounting to 357 were made and are broken down as follows:

IMO Publications	320
Periodicals	12
General Reference	25

Audio-visual materials (mainly CDs) were also viewed by CMI students.

The Library also had visitors from the University of the West Indies, National Environment Protection Agency and Caribbean Maritime Institute who were doing research on maritime publications.

Telephone Enquiries

There were thirty telephone requests for information, twenty six of which were dealt with internally and the others were referred to other agencies and organizations.

Workshops/Meetings

The Documentation Registrar attended the Special Libraries meetings, Records and Archive Management Section meetings and the Tribunal hearing brought out by the ATI Unit.

Projections/Plans

- Grow collection by 10%
- Remove impediments to the acquisition of library publications.
- Introduce of data management system for Records and Information management
- Provide online catalogue Access
- Collection development Growth
- Maintain partnerships with other libraries in academia and the maritime sector to enhance professional development and resource sharing.
- Inter-library loans and networking
- Upgrade computers in the library in order to ensure that automated systems are maintained.

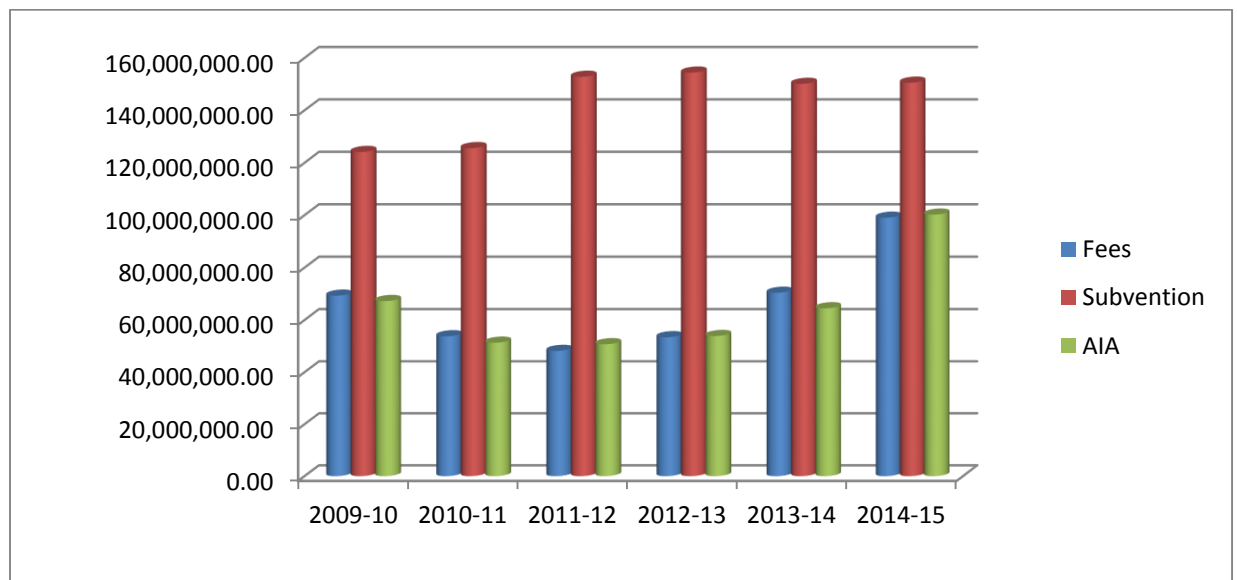
FINANCIAL REVIEW

The revenue from fees grew significantly to \$99.03 million or 40.64% over the 2013-2014 financial year. For the year ended March 31, 2015 operating surplus stood at \$17.25 million resulting in a net surplus of \$18.92 million. This reflects a 19.27% increase over the previous year's performance. Expenditure increased by 10.33% during the period.

Income

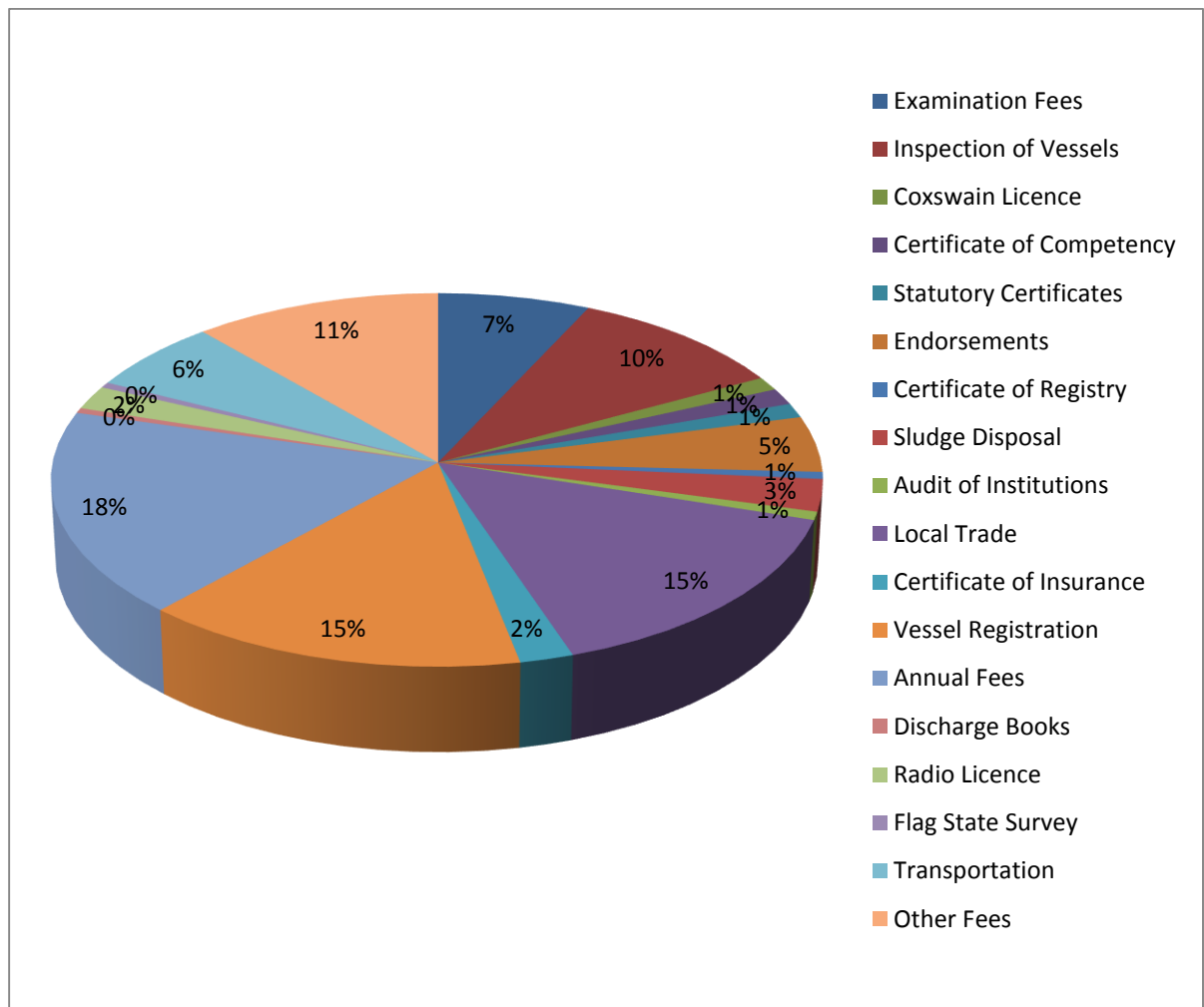
The Authority is funded mainly from Government of Jamaica subvention and income from services. Revenue for the reporting period amounted to \$249.6 million. Of this amount fees earned from services amounted to \$99.03 million which is approximately the same as the budgeted figure of 99.54 million. The Appropriation in Aid reported for the period amounted to \$100.22 million better than the budget by 0.68%.

The chart below shows the Revenue performance over the last five years.



The above chart shows that subvention received from the Government over the past four years has somewhat remained constant over the past two years with a marginal decrease since 2012-2013 by 1.34%. This is attributable to Government's efforts to constrain expenditure. The fees from operation have shown a 40.64% increase over the 2013/2014 period and is attributed to an increase in the main revenue areas of vessel registration, local trade and annual fees payable by ships on the register. The Authority is projecting that fees from services will increase to \$117.44 million for the 2015/2016 financial year, based on performance during the 2014/2015 financial year and the marketing efforts being employed. It is estimated that the Authority will also receive approximately \$155.92 million from the Ministry of Finance as support to remuneration expenses that was increased by 8.08% over the 2013-2014 financial year. This support from the Ministry of Finance will be \$3.57 million more than what was received during the 2014/2015 financial year.

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



Annual Fees have surpassed Local Trade Certification as the main revenue earner now capturing 18% of the revenue. Vessel Registration has moved up by 8% setting the stage for improved annual fees for the years to come. Although revenue in Local Trade Certification improved in monetary value its impact on the total revenue was reduced by 3%.

Expenditure

The Authority expended \$232.35 million for the reporting period against a budget of \$246.76 million. Operating expenses was \$14.41 million lower than budget, representing 5.84% less in expenditure for the period. This was indicative of the Authority exercising a conservative method of spending in line with the requirements of the Ministry of Finance.

Expenditure for the 2015/2016 financial year is projected to be \$268 million.

The Maritime Authority of Jamaica Projected Profit and Loss Statement for 2015/2016 Financial Year is shown below.

	J\$
Revenue	
Subvention	155,917,000.00
Service Income	117,437,000.00

Total Income	273,354,000.00

Less Expenditure	
Salary, Wages and Traveling	205,491,000.00
Rental	14,095,000.00
Public Utilities	3,321,000.00
Purchase of Goods and Services	41,576,000.00
Contributions	3,524,000.00

Total Expenses	268,007,000.00

Surplus	5,347,000.00
	=====

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

Audited Financial Statements for F/Y 2014/2015 are presented on page 43 as Appendix 1.

PLANS FOR 2015/2016

Jamaica Ship Registry

Engaging a suitable private investor partner for the operation, management and promotion of the Jamaica Ship Registry with the aim of increasing the number of vessels registered under the Jamaican flag.

Shipping Centre Development

- Increased focus on identifying strategies to broaden the supply base to meet the sector's demands for bunker supply
- Strengthen the regulatory framework for bunkering through the roll out of the "Code of Practice for Bunkering" which will establish internationally acceptable standards to govern safe and environmentally sustainable bunkering operations in Jamaica.
- Complete the dry docking study and commence implementation of recommendations including development of the framework to facilitate the establishment and operation of this activity and identification of investor
- Continued collaboration with the Caribbean Maritime Institute to implement strategies to secure internships at sea for Cadets to obtain the required qualifying sea-time

Strengthen the Legal Framework

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

- The promulgation of the Maritime Labour Convention 2006 (MLC 2006) amendment legislation
- The promulgation of the marine pollution legislation which is vital for the implementation of the legal regime relating to the protection of our fragile marine environment from vessel source pollution and to provide for the necessary compensation and liability in the event of an incident.
- Initiate activities to further strengthen the regulatory framework for Jet Ski operations through the development of regulations to introduce age limits, safe speeds, restricted operating areas, safety equipment and a fixed penalty system

Along with the relevant entities, the Authority will continue activities to complete the development of a Contingency Plan for Mass Rescue operations.

Retain ISO Certification

The Authority will seek to maintain its international certification under ISO 9001:2008 quality standards to retain Jamaica's status on the IMO White List. The Authority will also be seeking to qualify for the new ISO Standards, ISO 9001:2015 in the coming year.

Increase Revenues

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

- Pursuing additional registration of international vessels
- Targeting unregistered vessels in the fishing and tourism sectors
- Licensing foreign vessels which operate in Jamaica's local trade
- Pursuing the registration of yachts domiciled in Jamaican waters.

Thereby strengthening the efforts of the Authority towards being self-sufficient and facilitate the drive to expand the country's economic base.

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

Senior Executive Compensation

Position of Senior Executive	Year	Basic Salary Per Annum \$	Gratuity \$	Travel Allowances or Value of Assigned Motor Vehicle \$	Pension or Other Retirement Benefits \$	Other Allowances \$	Non-Cash Benefits \$	Total Per Annum \$
Director General	2014/15	6,930,000.00	1,732,500.00	140,000.00				8,802,500.00
Deputy Director General	2014/15	6,016,538.16	1,504,134.54	975,720.00				8,496,392.70
Director Legal Affairs	2014/15	5,772,624.12	1,443,156.25	975,720.00				8,191,500.37
Director, Shipping & Policy Research	2014/15	4,105,879.36		975,720.00				5,081,599.36
Director Safety, Environment and Certification	2014/15	7,939,999.92	2,888,717.53	975,720.00				11,804,437.45
Director, Corporate Services	2014/15	4,447,003.00	1,062,703.00	514,500.00				6,024,206.00

Notes on the Senior Executives Compensation Table:

The value benefit accrued to the Director General for the assigned motor vehicle is in accordance with “Facts on Income Tax, Income Tax Guide #2, item 35”

Board of Directors' Compensation

Position of Director	Fees \$	Motor Vehicle Upkeep/traveling \$	Honoraria \$	All Other Compensation Cash Benefits as applicable (\$)	Total \$
Chairman	57,000.00				57,000.00
Board Member	22,000.00				22,000.00
Board Member	33,000.00				33,000.00
Board Member	16,500.00				16,500.00
Board Member	33,000.00				33,000.00
Board Member	16,500.00				16,500.00
Board Member	27,500.00				27,500.00
Board Member	22,000.00				22,000.00

FINANCIAL REPORT FOR THE YEAR ENDED MARCH 2015

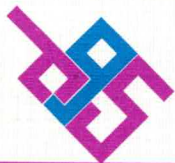


MARITIME AUTHORITY
OF JAMAICA

FINANCIAL STATEMENTS
MARCH 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Members of
MARITIME AUTHORITY OF JAMAICA

Report on the Financial Statements

We have audited the financial statements of Maritime Authority of Jamaica ("the Authority"), set out on pages 3 to 22, which comprise the statement of financial position as at March 31, 2015, statement of comprehensive income, statement of changes in accumulated surplus and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS). This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error, selecting and consistently applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the Authority's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT

2

To the Members of
MARITIME AUTHORITY OF JAMAICA

Report on the Financial Statements (Cont'd)

Opinion


In our opinion the financial statements give a true and fair view of the financial position of the authority as at March 31, 2015, and of its financial performance, changes in accumulated surplus and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

D&S Chartered Accountants & Business Advisors

July 30, 2015

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
CURRENT ASSETS			
Cash resources		37,960,192	32,025,899
Accounts receivable and prepaid expenses	3	15,671,319	17,121,512
Inventories	4	1,932,128	-
Due from related party	5	-	2,223,070
Taxation recoverable		<u>141,566</u>	<u>141,505</u>
		<u>55,705,205</u>	<u>51,511,986</u>
CURRENT LIABILITIES			
Bank overdraft, unsecured	6	-	2,141,004
Accounts payable and provisions	7	<u>39,381,736</u>	<u>43,796,258</u>
		<u>39,381,736</u>	<u>45,937,262</u>
NET CURRENT ASSETS		16,323,469	5,574,724
NON-CURRENT ASSETS			
Property, plant and equipment	8	22,952,122	14,780,705
Investments	9	<u>99</u>	<u>99</u>
		<u>\$ 39,275,690</u>	<u>20,355,528</u>
EQUITY			
Accumulated surplus	Page 5	<u>\$ 39,275,690</u>	<u>20,355,528</u>

Peter-John Gordon Chairman
Dr. Peter – John Gordon

 Director General
Rear Admiral Peter Brady

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

Statement of comprehensive income
March 31, 2015

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
INCOME			
Subvention	10 (a)	150,572,754	152,326,328
Singapore income	10 (b)	4,408,324	2,441,118
Germany income	10 (c)	16,409,239	10,233,819
Service income		<u>78,211,426</u>	<u>56,674,096</u>
		<u>249,601,743</u>	<u>221,675,361</u>
EXPENDITURE			
Advertising and promotion		2,754,113	3,594,319
Audit fees		550,000	500,000
Bank charges		637,076	437,429
Board members fee		227,500	212,000
Cleaning and sanitation		683,119	679,344
Consultancy expenses		706,592	226,000
Courier services and transportation		1,124,664	1,680,034
Depreciation		3,690,853	2,734,886
Entertainment		67,256	102,419
Examination and certificates expenses		212,842	553,144
GCT irrecoverable		2,764,626	-
Grants and subscriptions		2,578,685	2,320,797
Generator expense		81,507	-
Impairment losses, net		1,718,472	3,866,089
Insurance		2,338,515	2,147,080
Legal and professional fees		-	18,950
Licenses and permits		5,216,565	2,188,517
Long range identification tracking audit expenses		346,380	265,169
Long range identification tracking expenses		289,762	1,029,045
Membership expenses		68,518	203,493
Miscellaneous expenses		68,947	39,918
Motor vehicle expense		839,742	727,045
Overseas travel		2,390,057	2,565,077
Parking fees		721,700	738,290
Rental expense		12,096,411	10,233,166
Repairs and maintenance		1,378,838	436,434
Salaries, wages and related expenses – current year	11	174,869,249	160,959,959
Staff welfare	11	820,974	839,095
Seminar and training		6,925,906	5,649,484
Stationery and office supplies		3,467,273	2,989,295
Surveillance audit		644,129	-
Telephone expenses		<u>2,068,450</u>	<u>2,658,787</u>
Total expenses		<u>232,348,721</u>	<u>210,595,265</u>
Operating surplus		17,253,022	11,080,096
Finance income	12	<u>1,667,140</u>	<u>4,783,262</u>
Net surplus	13	\$ <u>18,920,162</u>	<u>15,863,358</u>

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

Statement of changes in accumulated surplus
March 31, 2015

	Accumulated <u>surplus</u>	<u>Total</u>
Balance as at March 31, 2013	4,492,170	4,492,170
Net surplus, being total recognised surplus for the year	<u>15,863,358</u>	<u>15,863,358</u>
Balance as at March 31, 2014	20,355,528	20,355,528
Net surplus, being total recognised surplus for the year	<u>18,920,162</u>	<u>18,920,162</u>
Balance as at March 31, 2015	\$ <u>39,275,690</u>	<u>39,275,690</u>

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

Statement of cash flows
March 31, 2015

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net surplus	18,920,162	15,863,358
Adjustments to reconcile net surplus to cash provided by operations:		
Depreciation	3,690,853	2,734,886
Unrealised exchange gain	(322,022)	(64,255)
Interest income	(418,093)	(258,167)
	<u>21,870,900</u>	<u>18,275,822</u>
Increase/(decrease) in net current assets:		
Accounts receivable and prepaid expenses	1,772,216	(6,325,294)
Inventories	(1,932,128)	-
Due from related party	2,223,070	682,746
Accounts payable and provisions	(4,414,524)	<u>3,281,456</u>
Cash generated from operations	19,519,534	15,914,730
Interest received	418,093	258,167
Taxation withheld at source	(60)	(-)
Net cash inflows from operating activities	<u>19,937,567</u>	<u>16,172,897</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment, being		
Net cash outflow from investing activities	(11,862,270)	(1,904,078)
Net increase in cash resources	8,075,297	14,268,819
Cash resources at the beginning of the year	<u>29,884,895</u>	<u>15,616,076</u>
Cash resources at the end of the year	<u>\$ 37,960,192</u>	<u>29,884,895</u>
Cash resources comprise:		
Cash and bank balances	1,014,002	1,598,374
Short-term deposits	36,946,190	30,427,525
Bank overdraft	-	(2,141,004)
	<u>\$ 37,960,192</u>	<u>29,884,895</u>

Notes to the financial statements
March 31, 2015

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. Statement of compliance, basis of preparation and significant accounting policies

(a) Statement of compliance:

The financial statements, as at and for the year ended December 31, 2014 (reporting date), are prepared in accordance with International Financial Reporting Standards ("IFRS") and their interpretations, as issued by the International Accounting Standards Board (IASB) and comply, in all material respects, with the provisions of the Companies Act.

New standards, interpretations and amendments effective during the year

Certain new, revised and amended standards and interpretations came into effect during the current financial year. The company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, applicable to its operations. The nature and effects of the changes are as follows:

- Amendments to IAS 32 Financial instruments: Presentation (effective for annual reporting periods beginning on or after January 1, 2014). The standard clarifies that an entity currently has a legal enforceable right to offset, if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all the counterparts. In addition, it clarifies that gross settlement is equivalent to net settlement, if, and only if, the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk and process receivables and payables in a single settlement process or cycle. The company will apply the amendments from January 1, 2014 but it is not expected to have a significant impact on the company's financial statements.
- Amendments to IAS 36 Impairment of Assets: Recoverable Amount Disclosures for Nonfinancial Assets, which is effective for accounting periods beginning on or after January 1, 2014, reverse the unintended requirement in IFRS 13 Fair Value Measurement, to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. The amendment requires the recoverable amount to be disclosed only when an impairment loss has been recognised or reversed. The company is assessing the impact that this standard may have on its 2014 financial statements

Notes to the financial statements
March 31, 2015

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(a) Statement of compliance (cont'd)

New standards, interpretations and amendments in issue but not yet effective

At the date of authorisation of the financial statements, certain new, revised and amended standards and interpretations, which have been issued are not yet effective at the reporting date and the company has not early- adopted. Those standards and interpretations which management considers may be relevant to its operations and their effective dates are indicated below:

Improvements to IFRS 2010-2012 and 2011-2013 cycles contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after July 1, 2014. The main amendments applicable to the company are as follows:

IFRS 13 Fair Value Measurement is amended to clarify that issuing of the standard and consequential amendments to IAS 39 and IFRS 9 did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.

IAS 16, Property, Plant and Equipment and IAS 38, Intangible Assets. The standards have been amended to clarify that, at the date of revaluation:

- (i) the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation (amortization) is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking account of accumulated impairment losses or.
- (ii) the accumulated depreciation (amortisation) is eliminated against the gross carrying amount of the asset.

IAS 24, Related Party Disclosures has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the key management personnel services.

Improvements to IFRS, 2012-2014 cycle contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2016. The main amendments applicable to the company are as follows:

Notes to the financial statements
March 31, 2015

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(a) Statement of compliance (cont'd)

New standards, interpretations and amendments in issue but not yet effective (cont'd)

Improvements to IFRS, 2012-2014 cycle (cont'd):

IFRS 5, Non-current Assets Held for Sale and Discontinued Operations has been amended to clarify that if an entity changes the method of disposal of an asset or disposal group – i.e. reclassifies an asset or disposal group from held-for-distribution to owners to held-for-sale or vice versa without any time lag, then the change in classification is considered a continuation of the original plan of disposal and the entity continues to apply held-for-distribution or held-for-sale accounting. At the time of the change in method, the entity measures the carrying amount of the asset or disposal group and recognizes any write-down (impairment loss) or subsequent increase in the fair value less costs to sell/distribute of the asset or disposal group. If an entity determines that an asset or disposal group no longer meets the criteria to be classified as held-for-distribution, then it ceases held-for-distribution accounting in the same way as it would cease held-for-sale accounting.

IFRS 7, Financial Instruments: Disclosures, has been amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred assets in cases when they are derecognized in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred asset to the transferee is not, in itself, sufficient to be considered 'continuing involvement'.

IFRS 7 has also been amended to clarify that the additional disclosures required by Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) are not specifically required for inclusion in condensed interim financial statements for all interim periods; however, they are required if the general requirements of IAS 34, Interim Financial Reporting, require their inclusion. IFRS 9, Financial Instruments, which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the

Notes to the financial statements
March 31, 2015

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(a) Statement of compliance (cont'd)

New standards, interpretations and amendments in issue but not yet effective (cont'd)

Improvements to IFRS, 2012-2014 cycle (cont'd)

'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognized. The company is assessing the impact that the standard will have on its 2018 financial statements.

IFRS 9, Financial Instruments, which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) – are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognized. The cooperative is assessing the impact that the standard will have on its 2018 financial statements

IFRS 15, Revenue from Contracts with Customers is effective for periods beginning on or after January 1, 2017. It replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter Transactions Involving Advertising Services.

The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other IFRS takes precedence.

Notes to the financial statements
March 31, 2015

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(a) Statement of compliance (cont'd)

New standards, interpretations and amendments in issue but not yet effective (cont'd)

Improvements to IFRS, 2012-2014 cycle (cont'd)

Amendments to IAS 16 and IAS 38, Clarification of Acceptable Methods of Depreciation and Amortisation, are effective for accounting periods beginning on or after January 1, 2016. –

The amendment to IAS 16, Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.

The amendment to IAS 38, Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortisation methods is inappropriate for intangible assets.

The company is assessing the impact, if any, that the above amendments, interpretations and new standards may have on its financial statements.

(b) Basis of preparation:

The financial statements are presented in Jamaica dollars (\$), which is the authority's functional currency.

The financial statements are prepared under the historical cost convention.

The preparation of the financial statements to conform to IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, contingent assets and contingent liabilities at the statement of financial position date, and the income and expense for the period then ended. Actual amounts could differ from these estimates.

(c) Revenue recognition:

Revenue from the provision of services is recognised as income when the outcome can be reliably measured. Grants that compensate for operating expenses are recognised on the accrual basis.

(d) Cash resources:

Cash resources comprise cash and bank balances, including short-term deposits and other monetary investments with maturity ranging between one and three months from the statement of financial position date.

Bank overdrafts, that are repayable on demand and form an integral part of the authority's cash management activities, are included as a component of cash resources for the purpose of the statement of cash flows.

Notes to the financial statements
March 31, 2015

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(e) Accounts receivable:

Accounts receivable are stated at cost less impairment losses (see note 2 (i)).

Provisions are made for doubtful receivables based on a review of all outstanding amounts at the year end. The amount for provision is recognised in the income statement.

(f) Accounts payable:

Accounts payable are stated at amortised cost.

(g) Provisions:

A provision is recognised in the statement of financial position when the authority has a legal or constructive obligation as a result of past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(h) Property, plant and equipment:

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

(ii) Depreciation

Depreciation is computed on the straight line basis to write off the cost of property, plant & equipment over their expected useful lives. Annual rates are as follows:

Computer equipment	20%
Equipment	20%
Furniture, fixtures and fittings	20%
Motor vehicles	20%
Software	33 1/3%

Notes to the financial statements
March 31, 2015

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(i) Impairment:

The carrying amounts of the authority's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, an asset's recoverable amount is estimated at each statement of financial position date. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

(i) Calculation of recoverable amount:

The recoverable amount of the authority's receivables and other assets is calculated as the present value of expected future cash flows discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

(ii) Reversals of impairment:

An impairment loss in respect of receivables is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

(j) Inventories:

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost basis. Net realizable value is the estimated selling price the ordinary course of business, less applicable variable selling expenses.

Notes to the financial statements
March 31, 2015

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(k) Financial instruments:

A financial instrument is any contract that gives rise to financial assets of one enterprise and a financial liability or equity instrument of another enterprise. For these financial statements, financial assets have been determined to include cash resources, accounts receivable and related party balances. Similarly, financial liabilities include accounts payable and bank overdraft.

(l) Foreign currency translations:

Foreign currency translations are accounted for at the exchange rates prevailing at the date of the transactions. Assets and liabilities denominated in foreign currencies are translated into Jamaican dollars at the exchange rates prevailing at the statement of financial position date. Gains and losses arising from fluctuations in exchange rates are reflected in the statement of comprehensive income.

(m) Employee benefits:

The authority operates a defined contribution pension scheme. Obligations for contributions to the plan are recognized as an expense in profit or loss as incurred. The scheme is funded by contribution from the authority and employees in accordance with the rules of the scheme.

(i) Defined contribution pension plan

The defined contribution pension scheme is for employees who have satisfied certain minimum service requirements.

(n) Basis of non-consolidated subsidiary:

The Authority has not prepared consolidated financial statements to include wholly owned subsidiary, as required by IAS 27- Consolidated and Separate Financial Statements, as the directors are of the opinion that it is immaterial to the financial position, performance and cash flows of the Authority.

Notes to the financial statements
March 31, 2015

3. Accounts receivable and prepaid expenses

Accounts receivable and prepaid expenses represent:

	<u>2015</u>	<u>2014</u>
Trade receivables	12,744,258	16,419,063
Prepaid expenses	3,262,045	3,075,387
Other receivables	<u>3,392,924</u>	<u>1,799,296</u>
	19,399,227	21,293,746
Less allowance for impairment losses	<u>(3,727,908)</u>	<u>(4,172,234)</u>
	<u>\$ 15,671,319</u>	<u>17,121,512</u>

4. Inventories

This represents seafarer's certificate of competency on hand as at March 31, 2015.

5. Due from related party

Due from related party represents:

		<u>2015</u>	<u>2014</u>
Maritime Technical Services (Jamaica) Limited	(i)	-	2,514,570
The Government of Jamaica	(ii)	-	<u>2,223,070</u>
		-	4,737,640
Less allowance for impairment losses		-	<u>(2,514,570)</u>
		<u>\$ -</u>	<u>2,223,070</u>

(i) This represented net advances due from Maritime Technical Services (Jamaica) Limited in the ordinary course of business. The company is currently in the winding-up process and as such a full provision has been made.

(ii) This represented amounts due from the Government of Jamaica in respect of retroactive salaries approved for all government employees. This amount was received in full during the year.

6. Bank overdraft

Bank overdraft in the prior year represented the book balance of the main Bank of Nova Scotia Jamaica Limited account stated net of unpresented cheques. The actual bank balance as at March 31, 2014 was \$2,555,310.

7. Accounts payable and provisions

Accounts payable and provisions represent:

		<u>2015</u>	<u>2014</u>
Trade payables		5,281,200	2,096,042
Accrued vacation leave		18,412,190	15,281,204
Accrued pension contribution		-	7,080,589
Accrued gratuities		11,076,545	11,483,997
Other accrued expenses	(i)	2,523,002	2,898,420
Other payable and accruals		<u>2,088,799</u>	<u>4,956,006</u>
		<u>\$ 39,381,736</u>	<u>43,796,258</u>

(i) This includes accruals of \$ NIL (2014: \$ 2,223,070) for retroactive salaries due to staff.

Notes to the financial statements
March 31, 2015

8. Property, plant & equipment

	<u>Leasehold improvement</u>	<u>Equipment</u>	<u>Furniture fixtures & fittings</u>	<u>Motor vehicles</u>	<u>Computer software</u>	<u>Computer equipment</u>	<u>Total</u>
Cost:							
March 31, 2013	10,911,073	4,088,679	5,660,097	5,794,027	4,716,269	10,478,204	41,648,349
Additions	109,178	27,000	542,229	-	405,047	820,624	1,904,078
Transfers	(808,000)	808,000	-	-	-	-	-
March 31, 2014	10,212,251	4,923,679	6,202,326	5,794,027	5,121,316	11,298,828	43,552,427
Additions	22,160	4,734,113	448,119	-	1,864,099	4,793,779	11,862,270
March 31, 2015	10,234,411	9,657,792	6,650,445	5,794,027	6,985,415	16,092,607	55,414,697
Depreciation:							
March 31, 2013	370,682	3,935,263	4,294,871	5,194,754	4,716,269	7,524,998	26,036,837
Charge for the year	253,251	215,187	469,954	599,270	50,272	1,146,951	2,734,885
Transfers	(35,349)	35,349	-	-	-	-	-
March 31, 2014	588,584	4,185,799	4,764,825	5,794,024	4,766,541	8,671,949	28,771,722
Charge for the year	255,491	943,542	473,129	-	485,758	1,532,933	3,690,853
March 31, 2015	844,075	5,129,341	5,237,954	5,794,024	5,252,299	10,204,882	32,462,575
Net book values:							
2015	\$ 9,390,336	4,528,451	1,412,491	3	1,733,116	5,887,725	22,952,122
2014	\$ 9,623,667	737,880	1,437,501	3	354,775	2,626,880	14,780,705
2013	\$ 10,540,391	153,416	1,365,226	599,273	-	2,953,207	15,611,513

Notes to the financial statements
March 31, 2015

9. Investments

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 MTSJ are considered immaterial.

10. Operating income

Operating income represents:

	<u>2015</u>	<u>2014</u>
(a) Subvention- Ministry of Transport and Works	140,964,045	121,300,455
Retroactive salaries	-	2,223,070
Statutory deductions	<u>9,608,709</u>	<u>28,802,803</u>
	150,572,754	152,326,328
Service income	<u>78,211,426</u>	<u>56,674,096</u>
	<u>228,784,180</u>	<u>209,000,424</u>
Less: expenses		
Administrative costs	(232,348,721)	(210,595,265)
Finance income	<u>1,677,140</u>	<u>-</u>
	<u>(230,681,581)</u>	<u>(205,812,003)</u>
(Deficit)/ surplus for the year	<u>(1,897,401)</u>	<u>3,188,421</u>
(b) Singapore income		
Singapore office	4,729,733	2,969,610
Less: expenses		
Commission	<u>(321,409)</u>	<u>(528,492)</u>
Surplus for the year	<u>4,408,324</u>	<u>2,441,118</u>
(c) Germany income		
Germany office	17,608,851	11,686,751
Less: expenses		
Agency fee	<u>(1,199,612)</u>	<u>(1,452,932)</u>
Surplus for the year	<u>16,409,239</u>	<u>10,233,819</u>
Net surplus for the year	<u>\$ 18,920,162</u>	<u>15,863,358</u>

Notes to the financial statements
March 31, 2015

11. Salaries and other related costs

Staff costs represent:

	<u>2015</u>	<u>2014</u>
Salaries and wages	100,145,437	80,884,068
Senior executive staff remuneration - salaries and wages	35,212,045	32,273,788
- gratuity	8,631,211	7,052,140
Employer contribution	9,608,709	8,374,780
Pension contribution - current year	3,164,058	3,459,209
- prior year	(7,080,589)	-
Motor vehicle upkeep allowance	14,751,062	13,629,705
Gratuities	4,374,170	11,684,429
Provision for vacation leave	4,131,895	1,579,328
Staff welfare	820,974	839,095
Other staff cost	<u>1,931,251</u>	<u>2,022,512</u>
	<u>\$175,690,223</u>	<u>161,799,054</u>

12. Finance income

Finance income materially represents interest earned from short term deposits and foreign exchange gains on investments and receivables balances denominated in United States Dollar.

13. Net surplus

Net surplus is stated after charging the following:

	<u>2015</u>	<u>2014</u>
	\$	\$
Auditors' remuneration	550,000	500,000
Depreciation	3,690,853	2,734,886
Staff costs	<u>175,690,223</u>	<u>160,959,959</u>

14. Taxation

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

15. Financial instruments

(a) Fair value of financial instruments

- (i) Fair value amounts represent estimates of the arms-length consideration that would be currently agreed between knowledgeable willing parties who are under no compulsion to act and is best evidenced by a quoted market. 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 in an immediate settlement of the instruments.

Notes to the financial statements
March 31, 2015

15. Financial instruments (cont'd)

(a) Fair value of financial instruments (cont'd)

- (ii) The carrying value reflected in the financial statements for cash resources, accounts receivable, related party receivables, short term loans and accounts payable are assumed to approximate to their fair value due to their short term nature. Due to related party is stated at its contractual settlement value

(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.

(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 maximum exposure to credit risk at the date was:

	<u>2015</u>	<u>2014</u>
Cash resources	37,960,192	32,025,899
Accounts receivables	15,671,319	17,121,512
Due from related party	<u>-</u>	<u>2,223,070</u>
	<u>\$ 53,631,511</u>	<u>29,591,553</u>

Cash resources 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. Management considers that there is no significant risk attached to the collection of related party balances.

Notes to the financial statements
March 31, 2015

15. Financial instruments (cont'd)

(c) Credit risk: (cont'd)

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

	<u>2015</u>		<u>2014</u>	
	Gross	Impairment	Gross	Impairment
0-30 days	2,190,551	-	3,055,108	-
Past due 31-60 days	1,476,761	-	997,356	-
Past due 61-90 days	4,634,141	-	1,514,642	-
More than 90 days	<u>4,442,805</u>	<u>(3,727,908)</u>	<u>10,851,957</u>	<u>(4,172,234)</u>
	<u>\$ 12,744,258</u>	<u>(3,727,908)</u>	<u>16,419,063</u>	<u>(4,172,234)</u>

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

	<u>2015</u>	<u>2014</u>
Balance at beginning of year	4,172,234	3,585,357
(Reduction)/ increase in bad debt provision	<u>(444,326)</u>	<u>586,877</u>
Balance at end of year	<u>\$ 3,727,908</u>	<u>4,172,234</u>

Impairment losses recognised in the statement of comprehensive income are analysed as follows:

	<u>2015</u>	<u>2014</u>
(Reduction)/ increase in bad debt provision	<u>(444,326)</u>	<u>586,877</u>
Bad debts written-off	<u>2,162,798</u>	<u>3,279,212</u>
	<u>\$ 1,718,472</u>	<u>3,866,089</u>

(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.

(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, 2015, the authority had no significant exposure to this risk.

Notes to the financial statements
March 31, 2015

15. Financial instruments (cont'd)

(d) Market risk (cont'd):

(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.

The net foreign currency financial assets at year end were as follows:

	<u>2015</u>	<u>2014</u>
Cash resources	319,899	284,853
Accounts receivable	124,737	106,133
Accounts payable	(17,564)	(4,865)
	<u>\$ 427,072</u>	<u>386,121</u>

Exchange rates for the US dollar, in terms of Jamaica dollars were as follows:

	JAD
At March 31, 2015	\$ 115.04
At March 31, 2014	\$ 109.57

The following table details the authority's sensitivity to a 10% strengthening or 5% weakening of the United States dollar against the Jamaica dollar and the resultant net exchange gains/ (losses) based on the foreign currency assets at year end. These percentages represent management's assessment of the reasonably possible change in foreign currency rates. This analysis assumes that all other variables, in particular interest rates, remain constant.

	<u>2015</u>	<u>2014</u>
10% Devaluation of J\$		
Gain on United States dollar (US\$)	\$ <u>4,913,036</u>	<u>4,230,728</u>
5% Revaluation		
Loss on United States dollar (US\$)	\$ <u>(2,456,518)</u>	<u>(2,115,364)</u>

Notes to the financial statements
March 31, 2015

15. Financial instruments (cont'd)

(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.

(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.