

MARITIME AUTHORITY OF JAMAICA



ANNUAL REPORT

For the year 2012-2013

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 & 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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CHAIRMAN OF THE BOARD OF DIRECTORS' REPORT

The 2012/13 fiscal year marked the first full year of stewardship of this Board. The maritime sector is a very specialized and dynamic one in which international standards and norms are more quickly infused than is the case with most other areas of the Jamaica economy. The Board is committed to working along with the management and staff of the Maritime Authority of Jamaica (MAJ) to develop the maritime sector as an important part of the Jamaica economy. The importance of the industry is underscored by its tremendous potential in light of the eagerly anticipated completion of the expansion of the Panama Canal and the Government's thrust to establish Jamaica as the fourth node in the global logistics chain. Undoubtedly, the Maritime Authority, empowered by the Shipping Act of 1998, is poised to play a strategic role in the future development and regulation of what is expected to be a growing maritime industry.



The Board's focus for the year was therefore on increasing the effectiveness of the Authority in discharging its mandate by identifying and initiating dialogue on policy issues critical to its performance. Emphasis was also placed on improving its performance relative to benchmarks of good governance, as a review indicated that it was largely compliant with its reporting requirements with the exception of its Annual Reports.

The Authority returned improved performance over 2011/2012 in almost all areas. Income for the period amounted to \$207.84 million with revenue from services accounting for \$53.45 million reflecting an increase of 6.2% over the previous year although falling short of budgeted \$66.96 million by \$13.5 million. The main contributors to the revenue from services are local trade, annual fees from ships registered under the Jamaican flag and inspection of vessels, totaling 46.64% of revenue collected. Registration of ships which should be a major revenue centre, was minimal as it accounted for only 6.71% of total revenue collections. This is a consequence of the suspension of the active overseas promotion of the Registry due to budgetary constraints and pending a review of the strategy going forward. Government Subvention of \$154.41 million accounted for the balance of the Authority's income for the period.

The Authority continued to keep expenditure within budget and in line with revenue collections. For the 2012/2013 period \$199.17 million was expended from a budget of \$218.35 million resulting in expenditure being 5.78% less than budgeted.

The performance of other key activity areas for the Fiscal Year is shown below.

Ship Registration Activities

The year in review shows a slight improvement in ships registered by the Jamaica Ship Registry. Eight (8) international vessels and 58 Domestic Small Vessels were registered during the period. There were also three (3) deletions for International Vessels and eighteen (18) for Domestic Small Vessels.

At the end of the period there were eighty three (83) international vessels and vessels 24m and above in length on the register of ships in comparison to seventy eight (78) in the previous year. This represents 195,013 gross tons on the Register as at March 31, 2013.

Towards the ending of the year, the MAJ commenced negotiation with a major player in the mega yacht industry, based in Fort Lauderdale USA. As a consequence, representation agreements were signed with International Yacht Bureau and its subsidiary to promote the registration of mega yachts under the Jamaican flag as well as the provision of surveying services. It is anticipated that in the coming year the Jamaica Ship registry will see increased registration of mega yachts from these agreements.

Vessel Safety

Surveys/inspections of all ships registered under the Jamaican flag as well as foreign ships operating in Jamaican waters or calling at Jamaican ports is a primary activity of the MAJ. This activity ensures these vessels operate in accordance with national and international standards of maritime safety, security and pollution prevention.

For the fiscal year 2012/2013, twelve (12) Flag State Inspections were conducted on Jamaican vessels trading internationally. This is seven (7) fewer than what was accomplished in the previous year. Inspections were also conducted on foreign vessels operating in Jamaican waters amounting to ten (10) Local Trade Inspections. These foreign vessels are mandated to meet Jamaican safety requirements in order to obtain Local Trade certificates which allow them to conduct commercial activities in Jamaican waters and in so doing are encouraged to employ Jamaican seafarers where possible.

Foreign vessels that call and trade at Jamaican ports are subjected to Port State Control (PSC) inspections in order to ensure they do not pose a threat to maritime safety, security, and the marine environment on which our tourism product so heavily depends, as well as, seek to meet our obligations under the Caribbean Memorandum on Port State Control to inspect a minimum of 15% of the foreign vessels visiting our ports. One hundred and forty one (141) PSC inspections were conducted on foreign vessels using Jamaican ports in 2012/2013. This represents a 38% increase over the one hundred and two (102) achieved in the comparative period last year as a result of increased efforts made to meet the 15% inspection target stipulated under the Caribbean MOU.

The investigation of marine accidents/casualties that occur within the Jamaican waters is also a primary responsibility of the Authority. For the fiscal year 2012/2013 there were nine (9) such investigations, an increase of two (2) over the previous period.

Examination & Certification of Seafarers

The MAJ has the statutory responsibility to ensure that training of seafarers is conducted in accordance with international certification standards. In this regard it establishes and monitors the standards for training of seafarers, examines the seafarers and issues their Certificates of Competency.

Examinations conducted on the Caribbean Maritime Institute students for the issuance of Certificates of Competency saw a record of six hundred and ninety nine (699) examinations conducted. This represents a 7% increase over the previous year.

Endorsement of certificates attesting to further training stood at sixty two (62), an increase of two (2) above the 2011/2012 figure, while reciprocal endorsements issued to foreign seafarers employed on Jamaican vessels was 207. Although falling below the 333 achieved the previous year by 37.83% it was nevertheless some 72.5% more than what was projected for the period. Endorsements are valid for five years.

Coxswain examinations are conducted for boat handlers particularly those in the tourism watersports industry. Other persons who operate commercial vessels and a few who own private craft were also examined. For the year in review, coxswain licences issued as a result of examinations conducted totalled one hundred and fifty seven (157) in comparison with one hundred and sixty two (162) the previous year. Although there is a reduction of five (5) examinations the volume of licences issued is an indication of the vibrancy within the watersports industry and the tourism sector.

Regulatory Activities

The MAJ during the year, finalized with the Ministry of Finance and Planning a new regulatory framework for pleasure craft operating in Jamaican waters. This new regime which was approved by Cabinet, replaced existing Customs duties and fees. This change of regime along with the introduction of a provision in the Shipping Act for a “Cruising Permit” for foreign registered vessels, will facilitate the growth of nautical tourism in Jamaica.

Amendments were also made to revise the Harbour Rules to remove the exemption for pleasure craft from the safety rules that govern commercial vessels. This has also been gazetted.

Drafting instructions were presented to the Chief Parliamentary Council for the following legislations:

- Regulations for the incorporation of the International Ship and Port Facility Security Code
- Regulations for the construction and operation of large commercial yachts.
- Legislation to incorporate the International Convention for the Control and Management of Ships’ Ballast Water and Sediments, 2004.

International Maritime Organization (IMO)

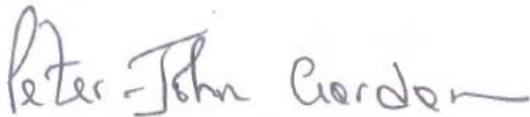
Jamaica served as an elected Member State on the Council of the IMO during the fiscal year. The IMO is the United Nations specialized agency responsible for shipping. The MAJ being Jamaica’s focal point for maritime issues occupies Jamaica’s seat on the Council. The MAJ participates in several technical Committee meetings at the IMO. The Director General completed a three year appointment as a Governor of the Board of the World Maritime University (WMU) in Sweden. The WMU is an IMO institution and awards graduate and post graduate degrees in various marine disciplines. Several graduates of the WMU are currently working in Jamaica, both in the public and private sectors, including at the MAJ.

Conclusion

The groundwork has been laid for a focused outreach programme by the Authority, to the yachting fraternity in Jamaica to regularize the status of their vessels. This is expected to demand additional resources as well as derive revenues. The annual fee to be charged in lieu of customs duty and other statutory fees payable by owners of yachts based in Jamaican waters is expected to boost the Authority's earning capacity by approximately six million dollars for the 2013/2014 financial period with the probability of increasing to fifteen million dollars during the 2014/2015 financial period. Additional revenues are also expected from the registration of international yachts as a consequence of the representation agreements signed.

The Authority recovered from a \$2.06 million loss in the previous year to record an \$11.32 million profit in the 2012/2013 period. It is projected that the Authority will earn \$67 million from fees and receive subvention of \$155 million totaling \$222 million in revenue during the fiscal year 2013/14. This will be \$14 million above this year's performance and is predicated on increased earnings from the registration of Yachts and annual fees.

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

A handwritten signature in blue ink that reads "Peter-John Gordon". The signature is written in a cursive, flowing style.

Peter-John Gordon, Ph .D.
Board Chairman

DIRECTOR GENERAL'S REPORT

The 2012/2013 fiscal year was both challenging and exciting as the Maritime Authority of Jamaica (MAJ) sought to cope with its expanding regulatory mandate while increasing its collaboration with other entities to pursue the national growth strategy of developing Jamaica as the fourth global logistics hub.



The MAJ had, almost from its inception, been actively promoting the potential of the Island to become a maritime or shipping centre, by developing and providing a wider range of ancillary shipping services to the global shipping community. The year saw this concept being solidified and expanded at the national level as activities commenced and gained momentum to establish and promote Jamaica as a global logistics hub.

To support this thrust, the MAJ seconded its Director of Shipping Policy and Research, Dr. Eric Deans, to the Ministry of Industry, Investment and Commerce. Dr. Deans has subsequently been entrusted with the leadership of the National Logistics Task Force. In addition, the Authority is represented on several working committees of the Task Force, established to progress specific areas of the logistics hub agenda.

Our primary role revolves however, around the continued effort to develop and promote the maritime aspect of the hub – namely, the shipping centre activities. In this regard, the MAJ participated in the inaugural logistics hub retreat, presenting on the status of activities to develop the shipping centre component.

The study “*To Position Jamaica as a Bunkering Location in the Caribbean*” was also commissioned during the year, with funding from the Commonwealth Secretariat. The Study which commenced in November 2012, is being conducted by Consultants from the Nanyang Technological University of Singapore. It will identify the market for bunkering in the Region as well as the economic benefits to Jamaica and indicate the technical and administrative requirement to successfully develop Jamaica as a bunkering hub. The Final Report is expected in the first quarter of the new year.

Facilitated by the Development Bank of Jamaica, the MAJ made a presentation to the World Bank with a view to securing funding to conduct a study to establish drydocking facilities in Jamaica, a project which is also earmarked for development under the logistics hub initiative.

The MAJ also forged ahead with plans to develop a framework to encourage nautical tourism in Jamaica as well as the growth of the yachting registry. It is estimated that in excess of one thousand (1000) Pleasure Crafts cruise are domiciled in the waters of Jamaica at any given time, of which a large number is not registered in Jamaica. The reluctance to register stemmed from the regime governing importation and stay of yachts in Jamaican waters, which proved to be onerous. Over the last few years the MAJ has been in dialogue with Customs Department and

the yachting fraternity, to identify possible measures to regularize the operation of local and foreign pleasure crafts in Jamaican waters.

These efforts were significantly boosted in December 2012 when Cabinet gave approval to implement the previously agreed strategy of replacing the existing Customs duties and fees with a simplified annual fee based on the length and age of the vessel for ships registered under the Jamaican flag. The strategy also included the introduction of a Cruising Permit fee, which was provided for under Shipping Act, to be paid by visiting foreign registered yachts.

Towards the end of the year, the MAJ commenced negotiation with a major player in the mega yacht industry, based in Fort Lauderdale. As a consequence, representation agreements were signed with International Yacht Bureau and its subsidiary to promote the registration of mega yachts under the Jamaican flag as well as surveying services. It is anticipated that in the coming year the Jamaica Ship Registry will see increased registration of mega yachts from these agreements.

In July 2012, the IMO approached the Maritime Authority of Jamaica (MAJ) and requested the support of Jamaica to host a regional High Level Symposium (HLS) and a Senior Maritime Administrators' (SMA) Regional Workshop on the *Adoption and Implementation of the Mandatory International Instruments*.

Following repeated requests made by Senior Maritime Administrators of the Region since 2007, the IMO agreed to support the convening of the High Level Symposium (HLS) for Ministers of Government responsible for Transport, Attorneys General, Chief Parliamentary Counsel and the Caribbean Community (CARICOM), to assist States in the region in meeting their obligations under the IMO mandatory treaties governing the safety of life at sea and the prevention of pollution of the marine environment for the Voluntary IMO Member State Audit Scheme (VIMSAS). It will be recalled that Jamaica was audited by the IMO under VIMSAS in September 2011. Of note, VIMSAS is expected to be institutionalized in 2015. The last time such a Ministerial meeting was held was in 2004 in Barbados.

The HLS which was held on the heels of the biennial Senior Maritime Administrators Workshop was hosted by Jamaica's Minister of Transport and attended by Ministers of Transport and Permanent Secretaries of 14 Caribbean States, the CARICOM Secretariat, IMO Regional Adviser, Regional Maritime Pollution Emergency Information Training Centre (REMPEITC) and the IMO Secretariat. The Minister of Transport, Dr the Hon Omar Davies *inter alia* reminded the meeting of their dependence on the "Blue Economy" derived from Caribbean Sea and their maritime responsibilities to implement the international shipping conventions for safer shipping and cleaner seas and to prepare for the IMO audits which would also strengthen their capabilities. The IMO Secretary General, made a presentation on the need for States to adopt national and regional transport policies which articulate their vision for the maritime sector. He also outlined the importance of and some of the activities being undertaken by the IMO to assist States in developing such policies. This is an area of importance to Jamaica given the various maritime activities included in the Islands Vision 20/30 plan as well as the Logistics Hub thrust.

The Maritime Labour Convention (MLC) which was adopted in 2006, is important to Jamaica both as a State that supplies seafarers to the global shipping industry and as a flag State which registers and regulates ships globally. It is widely regarded as the “Bill of Rights” for seafarers, and in August 2012, gained the required number of ratifications necessary for entry into force, one year later. The MLC provides a set of comprehensive rights and protection at work for seafarers and aims to achieve minimum on board working conditions covering a wide range of matters, including working hours, health and safety, crew accommodation, seafarers’ welfare and seafarers’ contractual arrangements. The new labour standards contained in the Convention consolidate and update more than 68 international labour standards related to the maritime sector adopted over the last 80 years.

In anticipation of the Conventions entry into force in August 2013, the MAJ’s efforts to implement the Convention gained momentum. Meetings were held with the Ministry of Labour and Social Security (MLSS) to discuss legal and policy issues related to the implementation of the convention. Meetings were also facilitated between officers from the International Labour Organization and MLSS, Office of the Parliamentary Council and our Ministry, on administrative issues affecting the implementation of MLC, 2006. A Position paper on the implications of accession to MLC, 2006 was also prepared which formed the basis of a joint Cabinet Submission with MLSS.

While activities are in progress to have the legislation in place for the entry into force date, the MAJ has also issued instructions to shipowners registered under the Jamaican flag relative to the requirements of the Convention and made arrangements for the inspection of the ships and issue of the relevant international certifications evidencing compliance.

On the regulatory front, the demand for the monitoring of training and the conduct of examination of seafarers continued to grow, placing further pressure on our already strained and limited number of technical personnel. During the year we saw the number of marine surveyors decline further, with the migration of the Director of the technical department and the only chief engineer on staff. This increased the workload of the other surveyors, particularly the engineers. As the CMI continues to increase its output of seafarers, serious consideration will need to be given to the recruitment of additional technical staff and a suitable system to facilitate the provision of timely examination results. Despite this, the Authority was able to record increased activities in its inspection programme.

With the assistance of the Modernization Unit of the Cabinet Office, the MAJ commenced activities to implement the Performance Management Appraisal System (PMAS) as a mechanism to enhance productivity and motivation of staff. The initial sensitization of staff has already been done along with a gap analysis and it is expected that in the coming year, progress will be made relative to the necessary training of staff in the operation of the system as well as the establishment of work and management teams to lay the foundation for implementation.

Following on the activities to implement PMAS, the staff Retreat in December 2012 served to update and sensitize staff to the MAJ’s corporate strategies, objectives and targets, seek their input and further foster the team-building spirit foundations. It is intended that staff retreats be reinstated as an annual event not only because of their value in articulating over-arching strategies and targets, assisting to develop and convey organizational objectives and work

programmes but also for their ability to enhance staff morale. This and other welfare and wellness activities implemented during the year are particularly important in alleviating some of the increasing difficulties being faced by staff in the face of wage and resource constraints which have contributed as stressors in the workplace.

The 2013/14 fiscal year will see continued 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, thereby increasing the standing of the maritime sector as a driver of the Jamaican economy. Areas of focus for the period will continue to include:

1. Increasing the number of vessels registered under the Jamaican flag. This will contribute to the ongoing efforts at self sustainability as well as support the development of Jamaica's Shipping centre activities.
2. Promoting and facilitating the development of Jamaica as a Shipping Centre through the implementation of the recommendations of the study, Positioning Jamaica as a Shipping Hub, particularly as it pertains to the conduct of sector specific studies in bunkering, dry-docking and crewing.
3. Continued strengthening of the legal framework for the regulation and development of the maritime sector. A priority area will be 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 a catastrophe. The legislation will also redound to our performance in the Voluntary IMO Member State Audit.
4. Developing a sensitization programme for the yachting industry, to support the implementation of the new regime for pleasure crafts.
5. Efforts will be renewed to address the matter of income for the Authority to support the non-income generating aspects of its mandate and to ensure its financial sustainability.
6. Intensifying regulatory activities 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.
7. Establish the regulatory framework for the implementation of the MLC 2006 in readiness for its entry into force in August 2013.
8. Expanding the oversight of maritime training activities in order to support the CMI's effort at ensuring the continued quality of Jamaican seafarers. Continue to provide assistance to our CARICOM partners as required.
9. There is the need to recruit at least two marine surveyors to supplement the Team in order to meet our current operational and policy needs.

It has been another eventful year but one in which the Authority has made great strides in discharging both its regulatory and developmental mandate. 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 and support. During their first full year of stewardship, they have tackled many of the thorny issues facing the Authority which have stymied our growth and development and by so doing, have re-energized and re-focused our efforts to execute our mandate while improving the self-sustainability of the MAJ.



Rear Admiral Peter Brady
Director General

JAMAICA SHIP REGISTRY (JSR)

The JSR is that arm of the Directorate of Shipping Policy and Research (DSPR) engaged in administering the registration of ships, the welfare of seafarers and matters pertaining to the engagement of foreign vessels in Jamaica. In the absence of assigned personnel to administer the responsibility of the Marketing Directorate, the DSPR has also been involved in that regard.

The Directorate also supports the MAJ in fulfillment of its mandate for the development of shipping generally, through its involvement in such activities. Activities have however been centered on the development of the Jamaica Ship Registry (JSR), the MAJ's flag-ship brand for elevation of its profile, generating revenue and catalyzing the process of development of Jamaica as a maritime centre.

The JSR has sought to market its ship registry through the engagement of Deputy Registrars and Marketing Representatives appointed in strategic shipping locations around the world. This is in an effort to have a presence in the marketplace where relationships can be established with ship owners and key shipping executives. Their presence in these locations will also seek to establish and protect the image of quality of the JSR. Despite these appointments the JSR has not realized the expected level of registration over the years. This has been narrowed down to a lack of adequate resources to provide the necessary market support that is required by the representatives.

The Authority is now seeking alternatives to market the JSR. In February 2013 negotiations were being made with International Yacht Bureau (IYB), a surveying outfit in Florida that specializes in providing technical support to mega yachts and has a clientele in excess of 500 yachts. It is proposed that the JSR's product be offered through them to their clients. An agreement is being finalized to allow their subsidiary, Mega Yacht Registration Services (MYRS), to represent the JSR in providing registration services to these yacht owners.

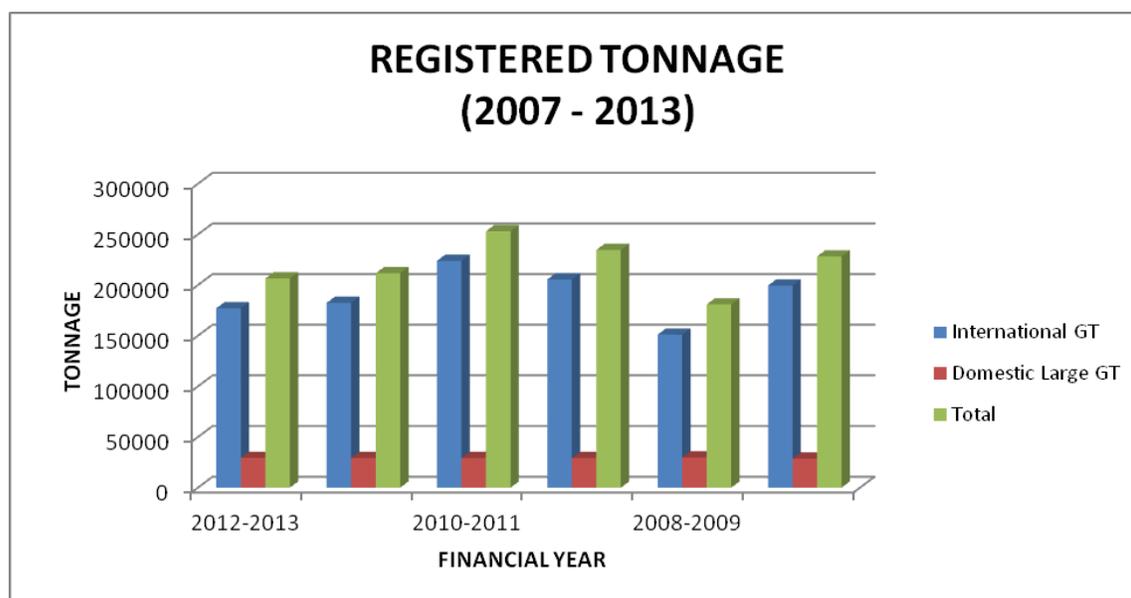
The JSR is pursuing the registration of pleasure crafts cruising and or domicile in Jamaican waters. Most of these crafts are not registered with the JSR and operate as cruising vessels in the Jamaican waters for extended periods of time. This is because being permanently located in Jamaica would attract custom duties and other related charges of over 60% which does not find favour with the owners. To circumvent the applicable duties most owners opt to register outside of Jamaica while remaining members of the Jamaica Yacht Clubs. For those who choose to maintain their registration outside of Jamaica a cruising permit will be levied. Efforts aimed at increasing the registration of pleasure crafts on the JSR require reducing the initial cost to the owners, such as the applicable custom duty, and replacing that with a prescribed annual fee which is determined by the length and age of the vessel. The replacement of Custom Duty by introducing an annual fee and a cruising permit for pleasure crafts requires an amendment to both the Shipping Act and Customs Act. These amendments were approved by Cabinet in December 2012 thus gave way for issuing drafting instructions to be issued to the Chief Parliamentary Counsel to amend the relevant legislations.

The JSR continues to uphold the policy against the registration of international fishing vessels. Efforts are being made to register those fishing vessels that operate exclusively in Jamaican waters. This requires amendment to the Fishing Industry Act to eliminate anomalies and make it mandatory for the registration of these vessels. It is expected that the amendments will be finalized during the next Financial Year.

Registration Activity

The JSR register growth is based on two factors, an increase in the number of vessels and a retention rate that is greater than the attrition rate. There is no direct proportionality between the number of vessels and the tonnage on the Register which is of course, largely dependent upon the size of the vessels being registered and deleted. The table below provides an indication of the tonnage size of the fleet on the register at the end of the years reflected.

Change in tonnage up to 2012-2013

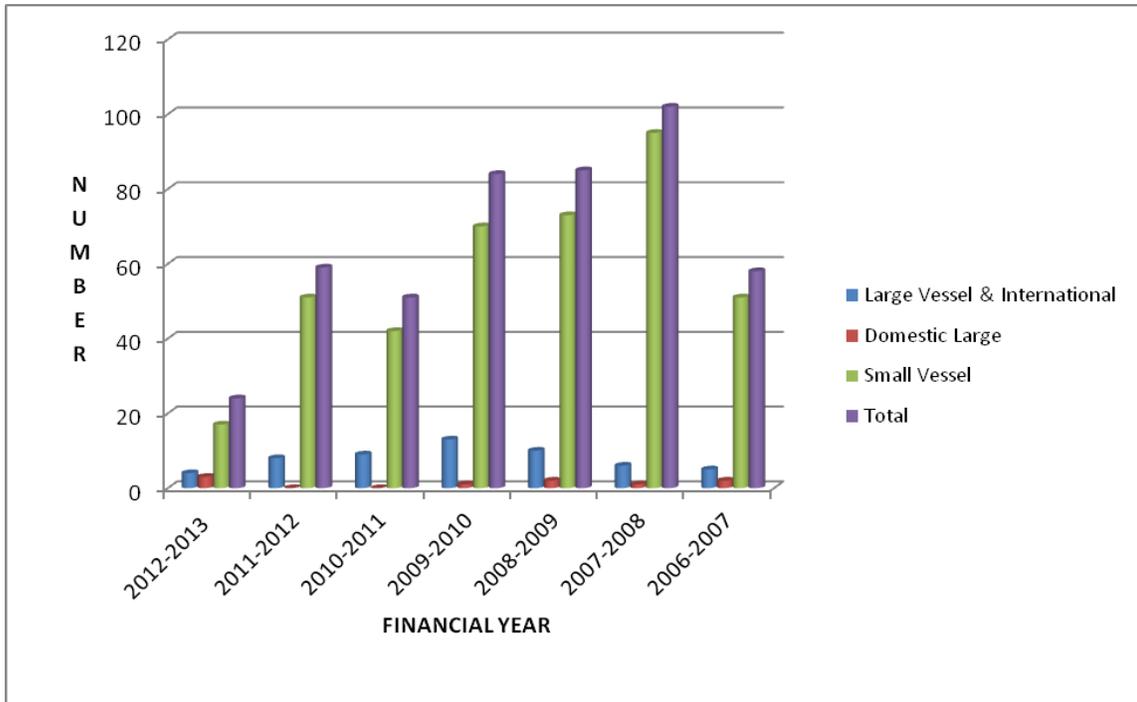


For the period in review the gross tonnage stood at 195,013.62gt with international vessels totaling 166,973.62gt and domestic vessels being 28,040gt. This represents a decrease of 16,656gt or 7.86% when compared to the previous period. The period of 2009-2010 experienced a maximum growth in excess of 83,000gt being added to the Register within one year, while the period 2011-2012 saw the greatest decline with the loss of some 86,000gt.

The JSR registered eight (8) international vessels during the 2012-2013 reporting period contributing to the total of Eighty-Three (83) internationally trading and domestic large vessels on the register. Of this total Sixty (60) are international and Twenty-Three (23) domestic large vessels. This represents an increase of five (5) vessels over the previous period as three (3) vessels were deleted.

The figure below shows vessel registration over the past seven years.

Vessel Registration from 2006 - 2013



There were a total of Nine Hundred and Sixteen (916) vessels accounted for on the Registers of Ships, of which Eight Hundred and Thirty-Three (833) are domestic small vessels. The average age of international tonnage on the Register fell to 9.8 years from 8.79 years, compared to 7.5 years in 2012.

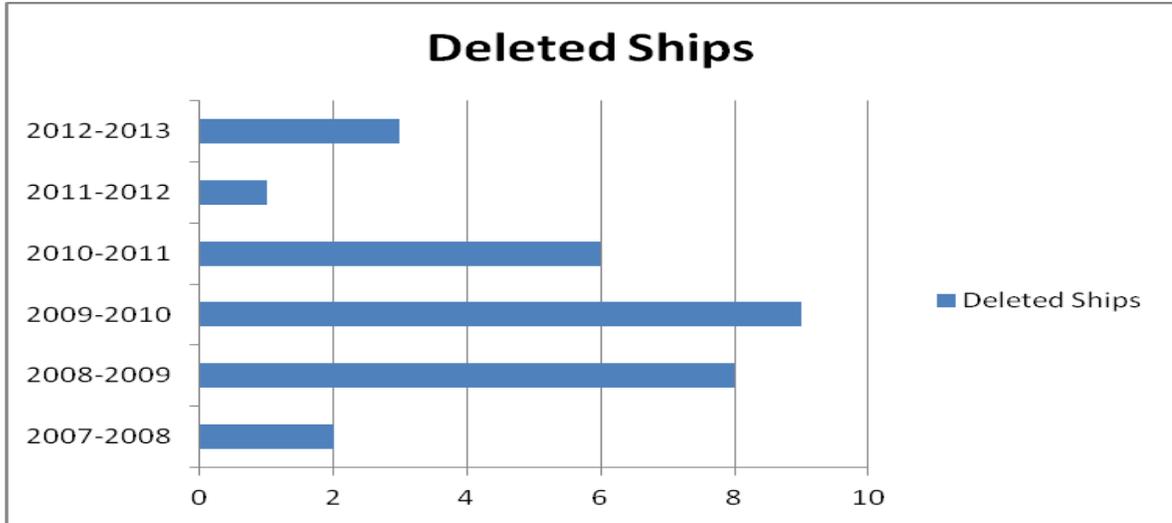
The JSR has a captive market for domestic small vessels. It can be seen from the figure above that there is a higher level of activity for domestic small vessels than those in the international market. For the period fifty eight (58) domestic small vessels were registered while eighteen (18) were deleted. Deletion of these vessels is primarily due to change of ownership, most of which are re-registered, and unseaworthiness. There is an obvious downward trend in the registration of domestic small vessels over the past five years which is due to a decline in new acquisition of vessels to be registered.

The JSR had three International ships deleted for the reporting period compared to one for the previous period. The deletions for the period included a Livestock Carrier “ALAA -1” which was registered on January 10, 2013, and was deleted approximately three months later as the vessel was found to be unseaworthy and therefore detrimental to the interest of Jamaica.

The table below shows the deletions over the past six years. The year 2009-2010 saw the largest number of vessels being deleted. The vessels, of relatively small tonnage, all belonged to a single fleet managed in Cyprus. The year 2010-2011 also saw a number of deletions of vessels that were sold. Failure to retain vessels after they are sold is a result of the unfamiliarity of many ship financing entities and their attorneys with the JSR. This serves to

underscore the need for an aggressive promotional campaign which requires considerable capital injection and serves to support the proposal for a revision to the JSR Model.

The table below reflects the pattern of deletion of vessels since 2007.



The JSR continues to be a major source of revenue for the Authority and contributed \$22.1 million for the 2012-13 financial year. The table below shows the categorized earnings for the last three years.

Table: JSR EARNINGS 2010 – 2013

Service	Total 2012/13	Total 2011/12	Total 2010/11
	J\$	J\$	J\$
Registration	3,619,110.71	2,856,754.79	3,446,847.83
Certificate of Registry	165,210.50	196,712.24	180,689.55
Annual Fees	8,214,375.60	8,346,727.75	11,085,249.61
Transcript	184,740.05	231,741.79	167,073.92
Discharge Book	203,291.01	171,871.98	266,173.95
Mortgage Discharge	39,791.90	59,545.22	148,638.00
Mortgage Registration	189,682.43	283,823.26	292,531.90
Local Trade Certification	9,486,832.45	9,133,989.14	10,046,190.97
Certificate of Insurance	3,619,110.71	1,840,324.36	3,141,227.09
Grand Total	25,722,145.36	23,121,490.47	28,625,984.82

Annual Fees from registered vessels and Local Trade Certification have been the leading revenue areas for the Registry. Revenue from Local Trade Certificates for 2012-13 is attributed to the issue of fifteen certificates. Five of these are based in Jamaica for the long term and were certified for a year while the others were for periods of three or six months.

Seafarer Welfare

The Registrar of Seafarers assumed responsibility for all seafarer welfare matters during the period. The objectives were not met as the legislative framework supplemental to the provisions of the Shipping Act was necessary for pre-requisite work to commence.

Jamaica is in support of matters relevant to seafarers and their welfare and has therefore endorsed the Maritime Labour Convention (MLC). Regional Workshops on the MLC were hosted in and by Jamaica to make the regional maritime organizations fully aware of the requirements of the MLC and the importance of being a party to the MLC.

The Authority has drafted a Cabinet Submission in collaboration the Ministry of Labour and Social Security and the Attorney General and submitted it to the Ministry of Transport works and Housing for their review and submission to Cabinet.

Although not yet a party to the MLC; Jamaican flagged vessels must comply with the **requirements when calling at ports of member States as all ships engaged in international trade** will be subjected to the provisions of the Convention.

The targets for the Registry remain in effect for the next financial period which includes, standards governing Crewing Agencies and the capture of information on seafarers.

SHIP INSPECTION AND SURVEYS

The Directorate of Safety, Environment and Certificate (DSEC) continued its programmes 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.

Port State Control Inspections (PSC)

PSC are conducted on marine vessels calling at the Jamaican ports in order to ensure that they are operating to international standards of maritime safety and pollution prevention.

For the reporting period One Hundred and Forty One (141) inspections were conducted. This was Thirty Nine (39) more inspections than the previous year. This increase was primarily due to higher priority placed on inspecting vessels calling at the Jamaican ports. Nine (9) ships were detained due to serious safety deficiencies of which one disregarded the

Detention Notice and sailed without authorization. This breach was reported to the ship's flag administration as well as to all MOUs. Over the reporting period, Thirty Eight (38) ships had a total of One Hundred and Twenty Two (122) deficiencies. This is an increase of Fifteen (15) more ships and Seventeen (17) more deficiencies found over the previous reporting period.

It should be noted that many ships are repeat visits; however there are indications that there are more new ships visiting the Jamaican ports.

The period comparisons are as follows:

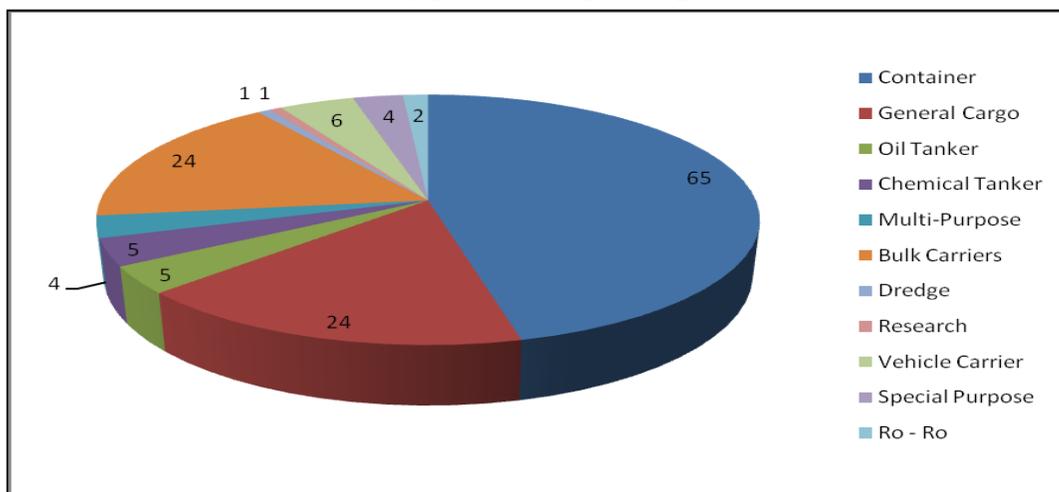
<u>Period</u>	<u>Target</u>	<u>Actual</u>
2007/2008		34
2008/2009	132	45
2009/2010	144	115
2010/2011	144	166
2011/2012	144	102
2012/2013	192	141

Nine (9) ships were detained. The deficiency categories follow:

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

Various types of ships were inspected with the Container type being the largest number.

Types of Ships Inspected



The Caribbean Maritime Information Centre (CMIC) database is continuously updated by inspectors as they conduct their Port State Control inspections.

Flag State Inspections

The Authority conducted Twelve (12) Flag State Inspections on Jamaican registered vessels located at home and abroad. This is a decrease over the previous financial year by Seven (7). Two (2) ISPS audits and Three (3) Minimum Safe Manning inspections were also conducted.

The Table below shows the last five years inspections:

<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

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 managed and accommodated.

Over the last financial year, Ten (10) such inspections were done. This is an increase of One) 1 over the previous year.

The Table below shows the last four years inspections:

<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

Small Vessel Safety Inspections

Small vessels include vessels used in the local water sports tourism industry as well as commercial fishing vessels and private pleasure craft. During the period One Thousand Two Hundred and Fifty Four (1,254) small vessels were inspected. This is an increase of Sixty Five (65) vessels over the corresponding previous year reflecting a 6% increase. This programme is very important in protecting locals' and visitors' safety within the maritime industry.

In summary the following type of vessels were inspected:

- Non-Motorized vessels (New & renewals) - 906
 - Motorized vessels (New & Renewals) - 348
- TOTAL - 1,254**

The Table below shows Inspections done over the past 6 years.

<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	1189
2012/2013	1300	1254

Marine Casualty Investigations

A total of Nine (9) marine casualty investigations were carried out for the reporting period, an increase of Two (2). They were:

- MSC Brianna collision with a berth at Kingston Wharves
- Pathfinder II collision with a jetty at Rocky Point.
- Asphalt Eagle - Oil Spill
- Sea Runnings II – ran aground
- Wild Thing – Collision at anchorage
- MSC Brianna – Death of a crew member due to fall in a cargo hold
- Grand Champion – collision with KCT wharf.
- Mostein – Grounding at Mammee Beacon, Kingston. Harbour.
- Lady Savannah - capsized at Lime Cay an December 28, 2012

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 STCW programme of examining and certifying seafarers according to IMO standards. The Authority conducts a Seafarers' STCW '95 certification programme for Jamaican trained seafarers and foreign trained seafarers working on Jamaican Flagged vessels.

For the 2012/2013 financial year, the following activities were conducted:

- STCW Certificate of Competence (COC) revalidated – 18
- STCW COC, new that were issued – 50
- Endorsements attesting to further training – 62

The table below shows the examinations and certifications conducted over a 6 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

Examination for the Issuance of COC

During the financial year, Six Hundred & Ninety Nine (699) 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 6 years are shown 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

This period shows a record in the number of examinations conducted totaling 699. The Authority had more resources in place and could therefore better handle the conducting of examinations as well as increasing the PSC inspections for the 2012/2013 period.

Reciprocal Recognition Endorsements

The Authority has formal agreements with several countries for reciprocal recognition of seafarer certification issued by their and our maritime training institutions. This facilitates recognition and endorsement of certificates of seafarers that were not trained in Jamaica. This recognition is important when PSC inspections are being conducted on vessels. During the financial year, Two Hundred and Seven (207) reciprocal Recognition Endorsements were issued to foreign seafarers engaged onboard Jamaican registered ships and Jamaican seafarers trained abroad. This is 126 or 37.84% less than that which was issued during the corresponding period last year.

This figure is normally the same as “Endorsements, interim” as this is issued prior to due diligence checks being done before the final issuance is conducted.

Endorsements issued over a 6 year period is 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

Coxswain Licences

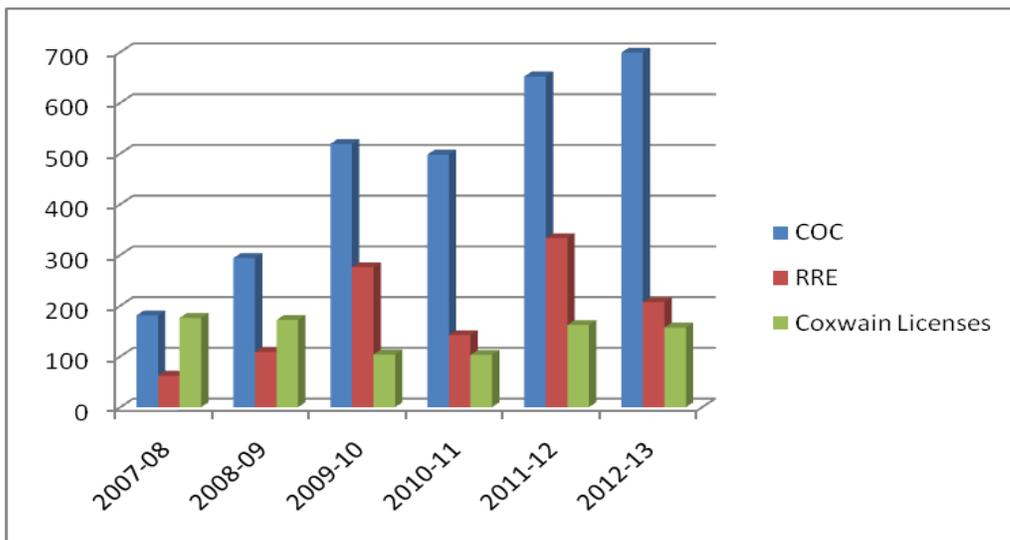
The Authority also tests and issues local boat handlers with coxswain licences. For the year, One Hundred and Fifty Seven (157) Coxswain licenses were issued to boat handlers. This is a decrease of Five (5) licences issued in the previous year.

A total of One Hundred and Twenty Four (124) coxswain exams were conducted over the given period.

Coxswain licences 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

The Certifications issued during the year are represented below:



Long Range Identification and Tracking (LRIT)

This system is fully operational. Jamaica has joined a Cooperative Data Centre (CDC) with three other countries with the intention of reducing the annual audit fee by the LRIT Coordinator, International Maritime Satellite Organization (IMSO). The fees will be shared evenly among the four member states. The four states are:

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

It is planned that the CDC will come into effect in early 2014. No additional costs will be entailed in the establishment and operation of the CDC. The Application Service Provider (ASP), Pole Star Space Applications is conducting the technical implementations. Jamaica has formally advised IMO of its intention of joining the CDC.

DEVELOPING JAMAICA AS A SHIPPING CENTRE

The Authority continued to pursue developing Jamaica as a shipping centre as part of the National Development Plan Vision 2030 that highlighted critical maritime outcomes and strategies needed to achieve developed country status. This includes the creation of a shipping center, short sea shipping, and growing of the shipping fleet.

The creation of a shipping centre is being pursued by the Authority and during the 2011-12 period representatives of the Commonwealth Secretariat visited the Island and met with the stakeholders of the shipping industry. A formal report, that noted the importance of the shipping industry as a significant contributor to the country's economy, was made to the Minister of Transport and Works proposing a phased strategy with development commencing with what is termed "Stage 1 Maritime Cluster" which would be the nucleus or starting point of the maritime hub. This stage would embrace three elements: dry docking, bunkering and crewing.

In an attempt to achieve the targets in the Government of Jamaica's long term National Development Plan and its Growth Enhancement Strategy, the Planning Institute of Jamaica has requested on behalf of the Maritime Authority further assistance to conduct a study which inter alia, will quantify the benefits of positioning Jamaica as a bunkering hub in the region. The Commonwealth Secretariat has consented to sponsor the study to position Jamaica as a Bunkering location. In October 2012 the Commonwealth Secretariat appointed Nanyang Technological University of Singapore as consultants to undertake a study to position Jamaica as a bunkering location in the Caribbean Region.

The study commenced during the last week of November 2012 with a field mission with the relevant stakeholders where a comprehensive data collection was carried out and concluded with a consultative workshop. The final report was received in April 2013 and it indicates that if Jamaica could increase the share of the vessels passing through the Panama Canal which bunker in Jamaica, from the 2012 level of 5% to 10% it would benefit from induced

economic impact of US\$3.1 billion and generate about 900 job opportunities. It also had the following recommendations that will steer Jamaica to develop as a successful Bunkering location:

- Establish a central coordinating body for bunkering development
- Develop strong reputation and credibility for stringent bunkering standards
- Supply low sulphur fuel
- Speed up duty reclaim procedure and minimise bureaucracy
- Develop competitive market structure
- Connecting the bunkering community and publicity campaign
- Develop petroleum free zones
- Global drive towards environmentally-friendly shipping
- Develop comprehensive suite of ship-related services



Participants of the Bunkering Study Workshop held in November 2012

In addition to developing Jamaica as a Bunkering location, the Authority is also making an effort to develop the dry docking aspect of the proposed shipping centre. Facilitated by the Development Bank of Jamaica, the Authority made a presentation to the World Bank with a view to securing funding to conduct a study to establish dry docking facilities in Jamaica. Their response is being awaited.

OTHER ACTIVITIES

Maritime Training

During the period under review, the MAJ continued its oversight activities for the training of seafarers under the International Convention governing the training and certification of seafarers (STCW). The annual Administrative Audit of the CMI was conducted and the monitoring programme that was implemented continues.

Legislation

The Authority through the Legal Services unit continues to develop the legal framework for the maritime sector by administering the legislation as it relates to the registration of ships, the regulation of ship safety and prevention of marine pollution and the certification of seafarers. To effectively do this it requires keeping abreast with the changes in International maritime legislation, especially through attendance at various conferences and meetings where these are being discussed, and revising and updating the local (maritime related) legislation as necessary. In many instances new legislation has to be drafted and promulgated to conform to International regulations.

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

- The Draft Shipping (Prevention of Pollution) Bill, 2012 was reviewed and a meeting was held with officers at the Office of the Parliamentary Counsel (CPC) to discuss the comments made by the Authority. It was decided not to include amendments to the MARPOL Convention which came into force in 2011, 2012 & 2013 as this would delay the completion of the drafting exercise.
- Drafting instructions for the following legislations are before the CPC:
 - Regulations for the incorporation of the International Ship and Port Facility Security Code
 - Regulations for the construction and operation of large commercial yachts.
 - Legislation to incorporate the International Convention for the Control and Management of Ships' Ballast Water and Sediments, 2004.
- Legislation to introduce a new regime for pleasure crafts resulted in amendments to the following legislation and were signed by the Minister responsible for Finance and subsequently gazetted:
 - Customs Act
 - General Consumption Tax Act

Additional drafting instructions were prepared in relation to the following legislation:

- Shipping (Fees) (Amendment) Regulations
- Shipping (Registration of Ships) Regulations

The Shipping (Fees) (Amendment) regulations are expected shortly however there will be some delay in the passage of the Shipping (Registration of Ships) Regulations due to the following reasons:

- Inability to finalise fixed penalty system

- Restrictions on the level of the penalty that can be imposed for breaches of the regulations arising from the application of the Interpretation Act. A draft Cabinet Act to circumvent the restriction has been sent to MTWH
- Amendments to the Harbour Rules to remove the exemption of pleasure craft have been gazetted. Pleasure crafts will not be subject to the same safety standards as commercial vessels.

MARPOL 73/78

In partial fulfillment of the obligations under MARPOL 73/78 to provide adequate reception facilities for ship generated waste, the Director continues to chair the interagency committee comprised of NEPA, PAJ, Ministry of Health, UWI and NSWMA. Two meetings of the Committee were held as well as meetings with agents, and end-users.

A regulatory fee is scheduled for introduction in April 2013 of USD200 per transaction for the management of Annex I Waste (sludge). The fees will be used to manage and monitor the transfer and final disposal of Annex I waste including training, sampling of waste and oil response activities.

Amendments to the Advance Notification Form and Waste Delivery receipt - were introduced to incorporate recent amendments to the MARPOL Convention and measures to ensure compliance by all stakeholders were also introduced during the period.

Steps were also taken to commence the collection of plastics in Jamaica and discussions are ongoing regarding food waste.

Ballast Water Management Convention (BWM), 2004

The Authority facilitated the hosting of a national workshop on the course of Port State Control for compliance, monitoring, and enforcement (CME) for Ballast Water Management and an Oil Spill Table Top Exercise on December 10-14, 2012 in Kingston, Jamaica. The objective of the workshop was to provide information to the participants on the CME aspects of Port State Control Ballast Water Management assist. The table top exercise focused on the testing of the National Contingency Plan for responding to spills involving oil and hazardous chemicals which was recently revised and was attended by representatives from over eight government agencies.

The National Ballast Water Management Policy and Action Plan were also adopted by the National Ballast Water Management Task Force chaired by the Director, Legal Affairs of the Maritime Authority of Jamaica.



Group attending the Ballast Water Management Workshop on December 10-14, 2012

Maritime Labour Convention (MLC), 2006

Meetings were held with the Ministry of Labour and Social Security (MLSS) to discuss legal and policy issues related to the implementation of the Convention.

Meetings were also facilitated between officers from the ILO and MLSS, CPC and MTWH on administrative issues affecting the implementation of MLC, 2006. A Position paper on the implications of accession to MLC, 2006 was also prepared.

The Draft Cabinet Submission for Accession to MLC 2006 was reviewed jointly with the MLSS and resubmitted to MTWH. The opinion of the AG's Chambers was also obtained. Drafting instructions for legislation to incorporate MLC, 2006 were prepared and the legislative gap analysis updated. A submission to the Planning Institute of Jamaica and UNPD for funding to engage a draftsman to prepare the MLC related legislation and Terms of Reference for the project were prepared. The contract for the draftsman was reviewed and the consultant engaged in July. The draft amendments to the Shipping Act and draft regulations to incorporate MLC 2006 were prepared and are being reviewed.

ISO 9001:2008 Certification

The surveillance audit of the MAJ quality management system was successfully conducted and confirmed that the Authority is meeting the ISO regulations. The audit which is carried out by our certification body American Bureau of Shipping Quality Evaluators (ABSQE) is critical to ensuring that our services are benchmarked to International standards.

PLANS FOR 2013/2014

Jamaica Ship Registry

The activities for the next financial year will seek to achieve the following:

Registration

- To develop and finalize a marketing model for the JSR
- Finalization of an agreement with IYB for the registration of mega yachts
- Commencement of registration of Pleasure Crafts based in Jamaican waters
- To have an increased presence at targeted marketing activities

Registrar of Seafarers

Efforts continue to further the development of the framework for the welfare of seafarers commenced in earnest during the reporting period. For the next period, activities will involve:

- Maintaining a physical Register of Seafarers
- Formulating forms and documents for use onboard ships
- Addressing matters pertaining to the production of discharge book
- Addressing matters pertinent to the account of Seaman's Wages
- The issue of piracy and terrorism onboard Jamaican ships involving Jamaican Seafarers
- Developing procedures governing unlawful acts onboard vessels including acts involving Seafarers and Jamaican Seafarers onboard non-Jamaican Ships.
- Ensuring the full development of a practical Seafarer Database

Strengthen the Legal Framework

It is proposed that the legislation to incorporate MARPOL 73/78, and MLC, 2006 is expected to be promulgated.

Retain ISO Certification

The Authority will also seek to maintain its International certification under ISO 9001:2008 quality standards to retain Jamaica's status on the IMO White List.

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 of foreign vessels which operate in Jamaica's local trade
- Pursuing the registration of yachts domiciled in Jamaican waters.
- Finalize arrangements with IYB to register mega yachts

PUBLIC RELATIONS

Overview

The Authority has endeavored to increase public awareness of the MAJ both locally and internationally through the Public Relations unit. This is being accomplished through the dissemination of materials and participating in activities of other stakeholders within the shipping industry where clients are sensitized to the requirements to facilitate an effective and efficient interface with the Authority.

Due to the constraints with funding the execution of the Public Relations Plan was not achieved. Despite a steady growth over the years in MAJ's media presence much more needs to be done to bring the MAJ into mainstream media. Efforts will be made to achieve these goals in the next financial year.

Some of the activities that were undertaken are shown below:

Maritime Awareness Week 2012

The MAJ did not spearhead any major activity due to lack of funds. A media campaign using social media press releases was the activity undertaken. The MAJ participated by bringing greetings at a church service hosted by the Kingston Container Terminal and also participated in activities at the Caribbean Maritime Institute.

Press Releases

The Authority hosted the High Level Symposium and Senior Maritime Administrators Workshop, occasioned by the visit of the Secretary General of the IMO and the involvement of Ministers of Transport, on February 18-23, 2013 in Montego Bay. Coverage of the event (welcome reception) was published in the social pages of the Gleaner and Observer. Interviews with Minister Dr. Omar Davies, the Secretary General of the IMO and Admiral Peter Brady, were done for radio and television broadcast by the JIS. Admiral Brady was interviewed on TVJ's morning time programme and *Jamaica Speaks*, a morning programme with Professor Trevor Munroe on Hot 102 radio station.

Information regarding the Authority's activities continued to be predominantly released via the World Wide Web. Popular sites remain the Maritime Executive, Ship Management International, Hellenic News, Lloyd's List, Shipbuilding, Energy and Transport and Safety 4 Sea. On occasions these have been released through the social media network of a particular media house. Locally, the main outlet is the Gleaner's Shipping Page and at times JIS' website.

The following stories were released:

- **Caribbean lacks resources to combat oil spills, warns Jamaica** – on the occasion of the regional workshop on the OPRC Convention. April 18, 2012.
- **Do not work for substandard companies: Jamaica urges seafarers.** On the occasion of the Day of the Seafarer, June 25, 2012.

- **Jamaica legislation drafting capacity boosted by IMLI Graduate** – On the completing of studies at the International Maritime Law Institute, by Duane Allen, employed to the CPC office. August 28, 2012.
- **Congratulations JIC!** – on the occasion of the 60th Anniversary of the Joint Industrial Council of the Shipping Industry. September 9, 2012.
- **MAJ highlights shipping’s safety mission** – on the occasion of World Maritime Day, September 27, 2012. (International release).
- **Examining the evolution of maritime safety standards** – on the occasion of World Maritime Day. September 25, 2012 (local Shipping Page).
- **Jamaica looks at bunkering future** – on the occasion of the fact finding mission by the Nanyang Technological University of Singapore towards a study on bunkering. November 30, 2012.
- **Jamaica Ship Registry close to super yacht breakthrough** – on the occasion of the approval of the Cabinet Submission by Government to rationalize customs duty on the “importation” of yachts. December 3, 2012.

Contributed Articles

- **Jamaica poised for maritime takeoff.** Published in *Competition Matters, vol. XVII, January 2013*. A publication of the Jamaica Fair Trading Commission.
- **Customs Duty rationalization for yacht owners- registration of pleasure craft in Jamaica – Nationals and Non-nationals.** In the 49th Annual Jamaica Fishing Tournament Magazine. A publication of the Sir Henry Morgan Angling Association. October 2012.

Advertising

The Authority placed promotional advertisements in the Joint Industrial Council of the Shipping Industry 60th Anniversary supplement in the Sunday Gleaner on September 9, 2012 and in the 49th Annual Jamaica Fishing Tournament Magazine in October 2012.

MAJ Website

The website was monitored to ensure current news items are uploaded as well as the newsletter and International news of relevance are also uploaded. A revision of the website is being considered to make it more attractive, user friendly and relevant.

Social Media Networking

The MAJ’s Facebook Page is updated with inhouse stories as well as International news of interest, and occasional tips for students on matters of interest such as the Maritime Labour Convention, the amendments to the training convention and exam techniques. This forum also served as a gateway for students to ask questions about exams and other matters and facilitates feedback to students. There are now over 500 persons on the page.

Informational/Promotional Material

- Seasons' Greetings (Christmas) cards were designed by the Public Relations Officer for the Authority and the JSR. These were distributed locally and Internationally to clients and acquaintances. They were also displayed via social media and the website.
- Informational flyers are designed and produced to make information available on the Authority, Vessel Registration and for use of students/cadets on application for examinations and certificates, as well as examination and study tips. These were located in the lobby area.

Staff Communication

The staff is kept abreast of all the Authority's activities via the newsletter that is sent out on the intra-net and occasionally placed on the notice board.

Community Service

The MAJ (Social Club) hosted its annual treat for the children of Reddies' Place of Safety in December 2012. The children were fed, feted and given gifts. They showed their appreciation by reciting poems at random and gave a vote of thanks.



Children from Reddies' Place of Safety are enjoying having their face painted while Rear Admiral Peter Brady and Seymour Harley from the MAJ looks on.

HUMAN RESOURCE AND STAFF WELFARE

Staffing

The Authority has continued to ensure that each department is adequately staffed in an effort to provide the best service to its clients. Over the years it has been difficult to attract qualified marine personnel to fill the vacant marine surveyor's posts as they 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's posts.

The financial year saw the authority experiencing its worse turn over in staff as four persons resigned, three from the accounts unit, however the positions were quickly filled.

Staff Welfare

- A Staff Retreat was held on December 5 and 6, 2012 at the training venue of the Norman Manley International Airport. The two-day session stems from efforts to implement PMAS at the Authority. The sessions dealt with analyzing the Authority's functions, update and sensitize staff to the Authority's corporate strategies, objectives and targets and to build team awareness among staff. The staff had the opportunity to express themselves as to their perception about the Authority's progress and was able to make recommendations for consideration.



A section of the group with a staff member making a point.

- In January 2013 the staff was encouraged to join the Fitness Express Gym located in the new Digicel compound. The staff was able to access the Gym by paying a reduced corporate fee and the Authority assisted by paying the administrative fee on their behalf.
- A series of staff wellness seminars were held between January and March 2014:
 - On January 31, 2013 the Heart Foundation of Jamaica came in to the offices and conducted blood pressure tests, sugar tests and ECG tests. Members of staff were able to use their health cards to pay a reduced rate for getting these tests done. The Heart Foundation Staff also gave one-to-one advice on how staff can improve their health.
 - On February 27, 2013, a representative from the Cancer Society did a presentation on tips to prevent cancer.
 - On March 27, 2013 a presentation made on Pension Life Styles which helped to make persons more aware about the implications of not saving and putting in place means to supplement their pension.

Pension Matters

The Pension Administrators, Sagicor, had sought to inform the trustees on various aspects of pension matters and the effect of the Jamaican economy on the performance of pension schemes. A member of the Board of Trustees was invited to attend a Trustee Empowerment Forum and the Board was invited to a meeting where discussions were held on the implications of the National Debt Exchange (NDX) and how it will affect our pension fund. Two Trustee members attended.

The annual report as at December 31, 2012 for the Pension Fund showed that the actual return on the Fund (6.93%) was less than inflation (8.02%) and therefore yielded net return of negative 1.09%. Despite this there was an increase in value of the fund by \$10.05M resulting in the total value being \$60.65M as at December 31, 2012. There were no outstanding contributions and all the relevant documentation regarding the operation of the pension scheme was filed with the Financial Services Commission.

Training and Development

The Authority endeavors to identify training possibilities for the development of its staff through internal and external facilities.

Internal training conducted during the period is noted below:

- **Training in Ship Risk Profile Calculator** was held for the entire DSEC staff.
- **Orientation Training** was done with the newest members of staff in Library Procedures, Quality Management procedures and Port State Control.

External training is conducted both locally and internationally. These training sessions which are in the form of workshops, seminars and courses are mainly geared towards those officers in the technical area of the organization. The dynamics of International shipping with evolving standards for marine safety, security, environmental protection and the competency of seafarers require our administration to keep abreast and current with changing regulations and measures.

Some of the training sessions attended by these officers are as follows:

- **IMO Regional Training on Basic Electronic Navigational Charting (ENC)** and production in Mexico City.
- **Seminar on Industry Sanitation Chemicals** dealing with the proper handling of Hazardous Chemicals during Shipping.
- **APEC Manual Drill and Exercise** in Maritime Security.

During the period other administrative members of staff were trained as follows:

- A Marine Inspector started an online course in May 2012 in Marine Surveying with the Lloyds Maritime Academy in London.
- A Marine Inspector commenced a training course in Master and Chief Mate course at the Caribbean Maritime Institute
- Two members of staff were selected to attend the Supervisory Management course at MIND.

Staff Meetings

Quarterly Staff Meetings were held and positive feedbacks were received from the staff members. The content of the meetings included making staff aware of the different sections of the MAJ Conditions of Service and other critical issues relating to their employment.

INFORMATION SYSTEMS

The IT department continues with its annual review to ensure the optimum use of the computer system. This has resulted in taking out of service old and redundant equipment and the procurement of more suitable ones and the development of software that will make the authority's processes more effective.

Maintenance and Expansion of Computer Networks

The Authority continues to ensure that the information system infrastructure is operating at its optimum and that redundancies are addressed. It was necessary to acquire three laptops, two desktops, a colour printer and a network switch. The additional switch and colour printer were procured to facilitate the expansion of the physical office space.

The network infrastructure was improved to provide wireless connectivity to staff members and guests with the proper security channels implemented. Two separate accounts have been provided with respective authentication and each provides different levels of access.

Software Development and Procurement

The Registration and Safety of Vessels Database Application is being developed to integrate the Large and Small Vessel databases, which were created using MS Access, into one web-enabled Registry Application using MS SQL as the backbone. The work began in February 2012 under a collaborative working programme between UTECH and the MAJ. The Registry Application is divided into two main components: the Web Application and the Backend Processing Application. The Web component has been completed and work is now being done on the Processing Application.

LIBRARY AND DOCUMENTATION CENTRE

Overview

The library had a fair usage by both staff and external clients during the fiscal period. There however needs to be greater care in accountability regarding library materials by both internal and external clients.

Records Management

The Records Management Unit has been assisted by the Jamaica Archives and Records Department (JARD) and has assigned a Records Analyst to the Authority to assess the type of records and how they are being maintained in the organization. Those documents that have reached their retention period are removed to the Government Records Centre for temporary storage.

The Government Archivist, from the Archives Unit assessed the Register of Ships log that contained entries dating back to 1921. This document will be sent to the Archives for permanent storage. A retention schedule is being prepared for the Authority.

Administrative Assistants are still working closely with the Records Management Unit to create and maintain files in all directorates as well as the file index. The Administrative Assistants for the most part have been in consultation with the Documentation Registrar and are updating files accordingly.

Access to Information Requests

Access has been granted to requests received through the Access to Information (ATI). Monthly and quarterly reports have been submitted to the Director of the Access to Information Unit.

Acquisition of Publications

There were 119 reference publications added to the Library's collection for the year under review. These publications were acquired via donations and purchases.

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

Library Technical Services

All publications received were accessioned, 85% were catalogued and uploaded to the cataloguing database WINISIS. The weeding process to remove obsolete materials from the collation has commenced.

Use of Library Resources

The records of the library showed that a total of 286 reference consultations were made.

Reference consultations were broken down as follows:

- IMO Publications 200
- Periodicals 25
- General Reference- 51
- Audio- visual materials (mainly CDs) 10

There was a significant increase in the use of past papers booklet by both the deck and engineering students.

Telephone Enquiries

There were twenty one (21) telephone requests for information. Most of the clients came in to collect requested information and used the materials available. The Library had visitors from the University of the West Indies, National Environment Protection Agency and Caribbean Maritime Institute.

Workshops/ Meetings

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

- Sourcing external databases such as EBSC host, Lexis Nexis to cover more technical research for both staff and external clients
- Introduction of data management system for records and information management
- Online catalogue access
- Collection development growth
- Maintain partnerships with other libraries in academia and the maritime sector to enhance professional development and resource sharing.
- Interlibrary loans and networking
- Upgrade computers in the library in order to ensure that automated systems are maintained.

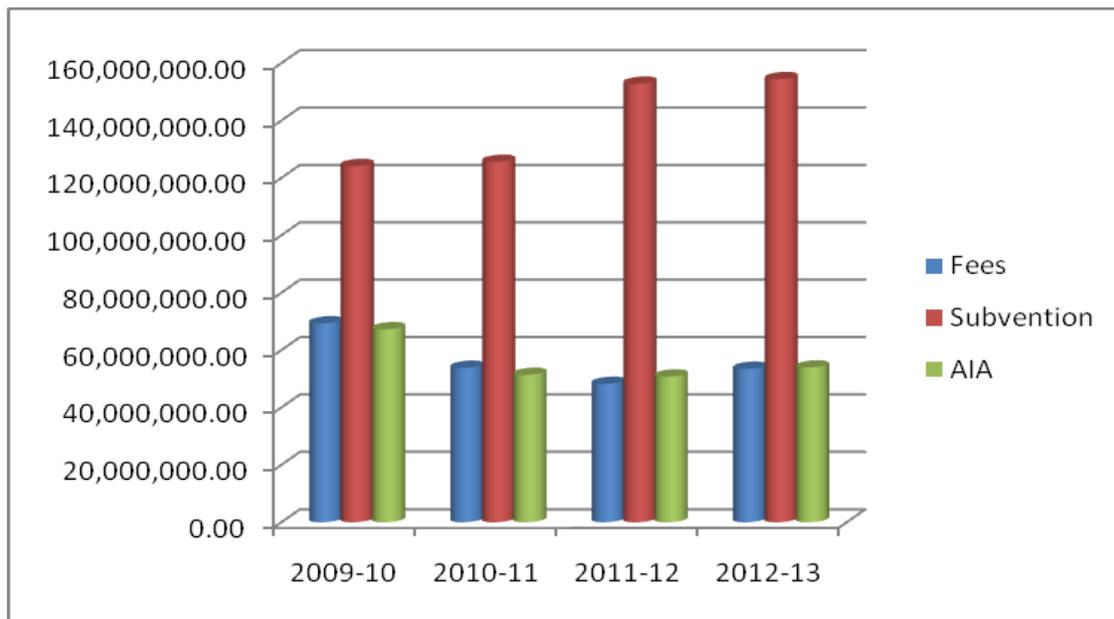
FINANCIAL REVIEW

There is a significant improvement in the financial performance of the Authority for the year ended March 31, 2013. The Authority experienced an Operating Profit of \$8.68M and net profit of \$11.33M. This reflects a 650% increase over the previous year's performance. Revenue increased by 3.4% and while expenditure reduced by 1.78% during the period.

Income

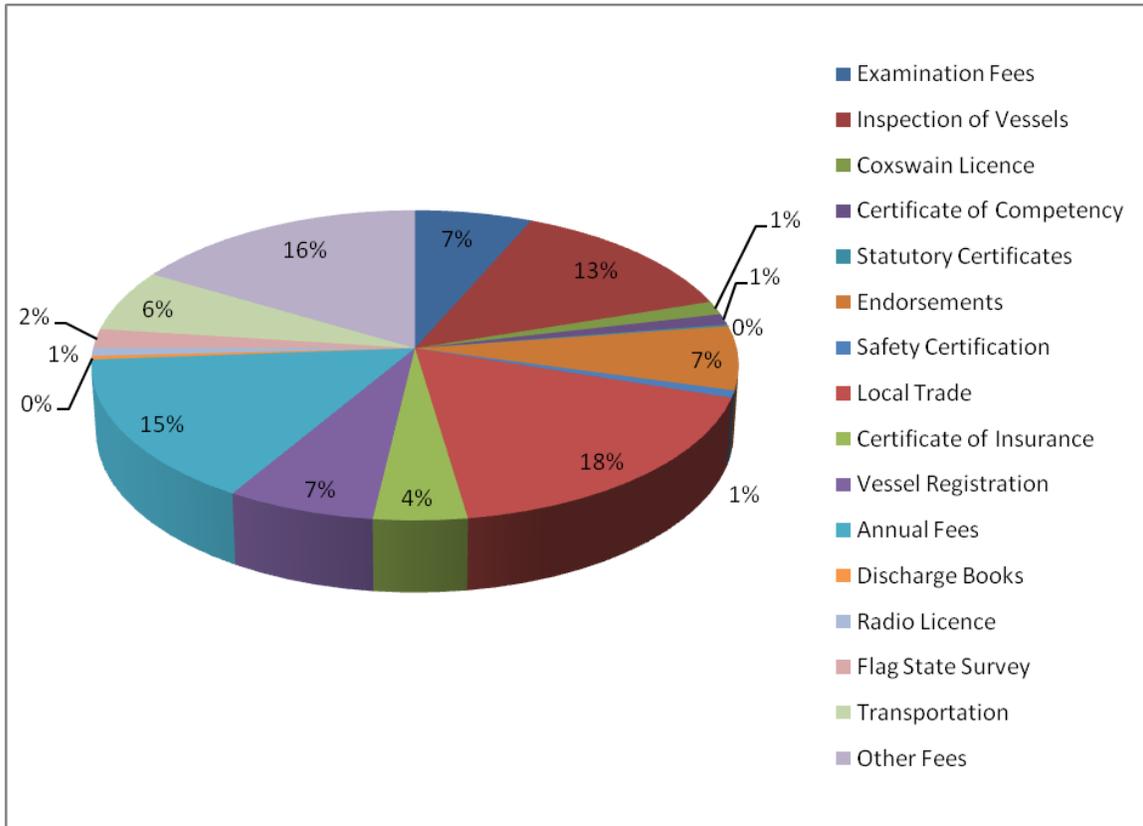
The Authority is funded mainly from Government of Jamaica subvention and income from services. Revenue for the reporting period amounted to \$207.84M, of this amount fees earned from services amounted to \$53.45M. Although this is less than the approved Appropriation-In-Aid (AIA) budget of \$66.96M, approximately 20%, there was an increase in revenue of 10.93%. Government subvention received amounted to \$154.39M resulting in a 1% increase over the previous year. The A.I.A for the period amounted to \$53.91M.

The Chart below shows the Revenue performance over the last four years.



The above chart shows that while subvention received from the Government increased significantly in 2011-12 over 2010-11 it increased marginally in 2012-13 by 1%. This is attributable to Government effort to constrain expenditure during the period. The fees from operation have shown a 10.93% increase for the 2012-13 period and is attributed to an increase in our main revenue areas of local trade and annual fees payable by ships on the register. We are projecting that fees from services will increase to \$67.11 million for the 2013/2014 financial year. This projection is based on our performance during the 2012/2013 financial year and the assumption that the yachts registration project will be in operation. It is estimated that we will also receive approximately \$154.96 million from the Ministry of Finance as support to our remuneration expenses.

The Chart below gives a pictorial view of the categories of Revenue



Expenditure

The Authority expended \$199.18M for the reporting period against a budget of \$211.98M. This was indicative of the Authority spending within its earning capacity and in accordance with the budget during the financial year. Operating expenses were \$3.61M lower than expenses in the previous financial year, representing a 1.78% decrease.

Expenditure for the 2013-2014 financial year is projected to be \$222.07 million.

The Authority's Projected Profit and Loss Statement for 2013-2014 Financial Year is shown below.

	J\$
Revenue	
Subvention	154,958,000.00
Service Income	67,114,000.00

Total Income	222,072,000.00

Less Expenditure	
Salary, Wages and Traveling	164,621,000.00
Rental	10,366,000.00
Public Utilities	2,443,000.00
Purchase of Goods and Services	33,684,000.00
Contributions	3,920,000.00

Total Expenses	215,034,000.00

Surplus	7,038,000.00
	=====

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

Audited Financial Statements for F/Y 2012-13 are presented overleaf as Appendix 1.

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	2012/13	6,930,000.00	1,732,500.00	140,000.00				8,802,500.00
Deputy Director General	2012/13	6,028,012.71	1,443,156.00	975,720.00				8,446,888.71
Director Legal Affairs	2012/13	5,284,796.04	1,321,199.25	975,720.00				7,581,715.29
Director, Shipping & Policy Research	2012/13	5,284,797.00		975,720.00				6,260,517.00
Director Safety, Environment and Certification	2012/13	5,482,500.00	697,278.51	975,720.00				6,458,220.00
Director, Corporate Services	2012/13	4,054,621.00	1,013,655.24	514,500.00				5,582,776.24

Notes on the Senior Executives Compensation Table:

1. 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”
2. Senior Executives remuneration shows a difference of \$7,537,430.25 when compared to the related line item in the Financial Statement expense schedule. This is a result of the Auditors including retroactive pay and making an accrual for outstanding vacation leave.
3. Gratuity as per the above schedule shows a difference of \$5,417,831.00 when compared to the related line item in the Financial Statement expense schedule. This includes gratuity for officers on contract but are not senior executives and also a result of the Auditors making an accrual for gratuity not yet due for payment.

Board of Directors' Compensation

Position of Director	Fees \$	Motor Vehicle Upkeep/traveling \$	Honoraria \$	All Other Compensation Cash Benefits as applicable (\$)	Total \$
Chairman	42,750.00				42,750.00
Board Member	16,500.00				16,500.00
Board Member	20,625.00				20,625.00
Board Member	20,625.00				20,625.00
Board Member	20,625.00				20,625.00
Board Member	20,625.00				20,625.00
Board Member	20,625.00				20,625.00
Board Member	24,750.00				24,750.00

**FINANCIAL REPORT FOR
THE YEAR ENDED
MARCH 2013**



MARITIME AUTHORITY OF JAMAICA

Financial Statements

31 March 2013

MARITIME AUTHORITY OF JAMAICA

31 March 2013

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8 April 2014

To the Members of
MARITIME AUTHORITY OF JAMAICA
KINGSTON

AUDITORS' REPORT

We have audited the accompanying financial statements of Maritime Authority of Jamaica set out on pages 1 to 15, which comprise of the statement of financial position as at 31 March 2013, and the statement of comprehensive income and statement of changes in fund and statement of cash flows for the year then ended, and 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 these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 auditor considers internal controls relevant to the entity'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 entity's internal controls. 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.

Opinion

In our opinion, proper accounting records have been maintained and the financial statements, which are in agreement therewith, comply with the provisions of the Shipping Act and gives a true and fair view of the state of affairs of the Authority at 31 March 2013 and of the results of operations and cash flows for the year then ended and have been prepared in accordance with International Financial Reporting Standards (IFRS).

Partner
Sophia Beckford



Report on requirements of the Public Bodies Management and Accountancy Act.

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, essential records have been maintained and proper practices have been observed in the compilation of the accounts.

Chambers Henry Spence

CHARTERED ACCOUNTANTS

KINGSTON, JAMAICA

MARITIME AUTHORITY OF JAMAICA

Statement of comprehensive income

Year ended 31 March 2013

	Note	<u>2013</u> \$	<u>2012</u> \$
Gross operating revenue	1	207,843,378	201,001,487
Operating expenses		<u>(199,173,818)</u>	<u>(202,795,956)</u>
Operating profit/(loss) before net finance income	2	8,669,560	(1,794,469)
Net finance income/(cost)	4	<u>2,650,788</u>	<u>(261,839)</u>
Profit/(loss) for the year		<u>11,320,348</u>	<u>(2,056,308)</u>

The accounting policies on pages 5 to 8 and notes on pages 9 to 15 form an integral part of these financial statements.

MARITIME AUTHORITY OF JAMAICA

Statement of financial position

31 March 2013

	Note	<u>2013</u> \$	<u>2012</u> \$
ASSETS			
Non-current assets			
Property, plant and equipment	6	15,611,513	14,279,617
Investment in subsidiary	7	99	99
		15,611,612	14,279,716
Current assets			
Receivables	8	13,637,779	8,725,699
Taxation recoverable		141,505	138,343
Cash and cash equivalents	9	15,616,076	7,072,753
		29,395,360	15,936,795
Total assets		45,006,972	30,216,511
FUND AND LIABILITIES			
Fund			
Accumulated surplus/(deficit)		4,492,170	(6,828,178)
Current liabilities			
Payables	10	40,514,802	37,044,689
Total liabilities		40,514,802	37,044,689
Total equity and liabilities		45,006,972	30,216,511

The financial statements have been approved for issue by the Board of Directors on April 7, 2014 and signed on its behalf by:

Peter John Ewerdon Chairman

[Signature]

Director General

MARITIME AUTHORITY OF JAMAICA

Statement of changes in fund

Year ended 31 March 2013

	Accumulated surplus/(deficit)	Total
	\$	\$
Balance at 1 April 2011	(4,771,870)	(4,771,870)
Net loss	(2,056,308)	(2,056,308)
Balance at 31 March 2012	(6,828,178)	(6,828,178)
Balance at 1 April 2012	(6,828,178)	(6,828,178)
Net profit	11,320,348	11,320,348
Balance at 31 March 2013	4,492,170	4,492,170

MARITIME AUTHORITY OF JAMAICA

Statement of cash flows

Year ended 31 March 2013

	Note	<u>2013</u> \$	<u>2012</u> \$
Operating activities			
Cash generated from operations	11	12,614,935	12,398,948
Net cash generated from operating activities		<u>12,614,935</u>	<u>12,398,948</u>
Investing activities			
Purchase of plant and equipment	6	(4,071,611)	(11,311,268)
Net cash used in investing activities		<u>(4,071,611)</u>	<u>(11,311,268)</u>
Increase in cash and cash equivalents		8,543,323	1,087,680
At start of year		<u>7,072,753</u>	<u>5,985,073</u>
At end of year	9	<u>15,616,076</u>	<u>7,072,753</u>

MARITIME AUTHORITY OF JAMAICA

Year ended 31 March 2013

Identification

The Maritime Authority of Jamaica ("the Authority") is incorporated in Jamaica and is a body corporate established in accordance with the Shipping Act of 1998 ("the Act"). The Authority's objectives are to pursue the development of shipping and to regulate matters relating to merchant shipping and seafarers.

The Authority

The Authority is domiciled in Jamaica. The principal place of business is situated at 2nd Floor, The Office Centre Building, 12 Ocean Boulevard, Kingston, Jamaica W.I.

The Authority performs the following functions:

- (i) Administers the registration of ships;
- (ii) Regulates the certification of seafarers;
- (iii) Regulates the safety of shipping as regards the construction of ships and navigation;
- (iv) Administers policy for the development of shipping in general;
- (v) Inspects ships for the purpose of maritime safety and prevention of marine pollution;
- (vi) Establishes maritime training and safety standards; and
- (vii) Makes enquiries as to shipwrecks or other casualties affecting ships, or as to charges of incompetence or misconduct on the part of seafarers in relation to such casualties.

At March 31, 2013, the Authority had in its employment 46 (2012:43) persons.

In September 2004, the Authority established a subsidiary, Maritime Technical Services (Jamaica) Limited, for the purpose of providing services on behalf of the Authority. [See note (o)]

These financial statements are expressed in Jamaican Dollars, unless otherwise stated.

Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below:

a. Basis of preparation

The financial statements are presented in Jamaican dollars (\$), which is the currency in which the Authority conducts the majority of its operation.

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

MARITIME AUTHORITY OF JAMAICA

Year ended 31 March 2013

Accounting policies (Cont'd)

b. Use of estimates and judgements

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both the current and future periods.

Management has exercised judgement in the application of IFRS that has significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year as discussed below:

(i) Allowance for impairment losses on receivables:

In determining amounts recorded for impairment losses in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest that there may be a measurable decrease in the estimated future cash flow from receivables, for example, default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired receivables as well as the timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individual significant receivables with similar characteristics, such as credit risks.

It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from these assumptions could require a material adjustment to the carrying amount reflected in the financial statements.

c. Revenue recognition

Revenue from the provision of services is recognized in the statement of revenue and expenses when the outcome can be reliably measured.

Grants that compensate for operating expenses are recognized on the accrual basis, being credited to the statement of revenues and expenses at the time of approval.

d. Foreign currency translation

Foreign currency transactions are accounted for at the exchange rate prevailing at the date of the transactions. At the balance sheet date, monetary assets and liabilities are translated at year-end exchange rates. Transactions in foreign currencies are translated at the rates of exchange ruling at the dates of those transactions.

Exchange differences resulting from the settlement of transactions at rates different from those at the dates of the transactions, and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in the income statement.

Exchange differences on non-monetary financial assets are a component of the change in their fair value. Depending on the classification of a non-monetary financial asset, exchange differences are recognized in the income statement.

MARITIME AUTHORITY OF JAMAICA

Year ended 31 March 2013

Accounting policies (Cont'd)

e. Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation.

Depreciation is provided on the straight line basis at annual rates estimated to write off the cost of the assets over their expected useful lives.

Annual depreciation rates are as follows:	%
Motor vehicles	20
Software	33 $\frac{1}{3}$
Furniture, fixtures and fittings	20
Equipment	20
Computer equipment	20

Property, plant and equipment are reviewed periodically for impairment, where the carrying amount of an asset is greater than its recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. Repairs and renewals are charged to the statement of revenue and expenses when the expenditure is incurred.

f. Trade receivables

Trade receivables are carried at anticipated realisable value. Provisions are made for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the provision is recognized in the income statement.

g. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks.

h. Accounts payable

Accounts payable and other accrued charges, are stated at cost.

i. Net finance income

Net finance income comprise interest receivable on funds invested, material bank charges and foreign exchange gains and loss recognized in the statement of revenue and expenses.

j. Capital fund

Where property, plant and equipment are received as gifts from, or acquired out of funds granted by donors, the amount of the grant, determined by the cash received or, in the case of gift in kind, the fair value of the asset received, is credited to capital fund. An amount equivalent to the depreciation charged on the property, plant and equipment for the financial year is transferred from capital fund to income in the statement of revenues and expenses.

MARITIME AUTHORITY OF JAMAICA

Year ended 31 March 2013

Accounting policies (Cont'd)

k. Provisions

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

l. Operating lease

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under operating leases are charged to the income statement on a straight line basis over the period of the lease.

m. Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability of equity instrument of another enterprise. For the purpose of the financial statements, financial assets have been determined to include cash and cash equivalents and account receivable. Similarly, financial liability includes accounts payable.

n. Employee benefits

Employee benefits are all forms of consideration given by the Authority in exchange for services rendered by employees. These include current or short-term benefits such as salaries, NIS contributions, annual leave, gratuity and various allowances; post employment benefits such as pension and other long-term benefits such as termination benefits.

Employee benefits that are as a result of past or current service are recognized in the following manner: short-term employee benefits are recognized as a liability, net of payments made and charged as expense. The expected cost of vacation leave accumulated is recognised when the employee becomes entitled to the leave.

The Authority provides post-retirement pension to employees who have satisfied certain minimum service requirements. Post employment benefits are accounted for as described below.

(i) Defined contribution pension plan:

Obligation for contributions to a defined contribution pension plan are recognised as an expense in the income statement as incurred.

o. Basis of non-consolidation of subsidiary

The Authority has not prepared consolidated financial statements to include its 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.

p. Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

MARITIME AUTHORITY OF JAMAICA

Notes to the financial statements

Year ended 31 March 2013

1 Gross operating revenue

Gross operating revenue represents mainly government subvention and fees earned from vessel registration for vessels operating under the Jamaican flag, vessel safety inspections, vessel safety certification, coxswain licenses for boat handlers and examination fees for examining final year students of the Caribbean Maritime Institute.

2 Operating profit/(loss)

The following items have been charged in arriving at operating profit/(loss):

	<u>2013</u>	<u>2012</u>
	\$	\$
Auditors' remuneration	530,000	480,000
Directors:		
- Directors' remuneration	40,602,157	35,418,827
- Gratuity	6,207,789	7,506,900
Depreciation on plant and equipment (Note 6)	2,739,715	2,539,106
Staff costs (Note 3)	<u>108,519,137</u>	<u>98,107,911</u>

3 Staff costs

	<u>2013</u>	<u>2012</u>
	\$	\$
(a) Salaries contributions and other staff benefits:		
Salaries and related pay	97,074,394	87,562,278
Statutory contribution	<u>11,444,743</u>	<u>10,545,633</u>
	<u>108,519,137</u>	<u>98,107,911</u>
(b) The number of persons employed during the year:	<u>46</u>	<u>43</u>

4 Net finance (income)/cost

	<u>2013</u>	<u>2012</u>
	\$	\$
Interest income	(277,624)	(292,817)
Net foreign exchange transaction (gain)/loss	(2,943,135)	233,539
Bank charges	<u>569,971</u>	<u>321,117</u>
	<u>(2,650,788)</u>	<u>261,839</u>

MARITIME AUTHORITY OF JAMAICA

Notes to the financial statements (Cont'd)

Year ended 31 March 2013

5 Taxation

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

6 Plant and equipment

	Motor Vehicles	Leasehold Improvement	Furniture Fixtures & Fittings	Equipment	Computer Software	Computer Equipment	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
31 March 2011	5,794,027	-	4,072,360	3,884,179	4,716,269	7,923,235	26,390,070
Additions	-	8,555,208	1,014,937	204,500	-	1,536,623	11,311,268
Disposal	-	-	-	-	-	(124,600)	(124,600)
31 March 2012	5,794,027	8,555,208	5,087,297	4,088,679	4,716,269	9,335,258	37,576,738
Additions	-	2,355,865	572,800	-	-	1,142,946	4,071,611
31 March 2013	5,794,027	10,911,073	5,660,097	4,088,679	4,716,269	10,478,204	41,648,349
Accumulated depreciation							
31 March 2011	(3,072,971)	-	(3,765,450)	(3,837,230)	(4,440,363)	(5,691,841)	(20,807,855)
Depreciation charge (note 2)	(1,060,891)	(151,460)	(210,238)	(40,596)	(255,000)	(820,921)	(2,539,106)
Depreciation on disposal	-	-	-	-	-	49,840	49,840
31 March 2012	(4,133,862)	(151,460)	(3,975,688)	(3,877,826)	(4,695,363)	(6,462,922)	(23,297,121)
Depreciation charge (note 2)	(1,060,892)	(219,222)	(319,183)	(57,437)	(20,906)	(1,062,075)	(2,739,715)
31 March 2013	(5,194,754)	(370,682)	(4,294,871)	(3,935,263)	(4,716,269)	(7,524,997)	(26,036,836)
Net book value							
31 March 2013	599,273	10,540,391	1,365,226	153,416	-	2,953,207	15,611,513
31 March 2012	1,660,165	8,403,748	1,111,609	210,853	20,906	2,872,336	14,279,617

MARITIME AUTHORITY OF JAMAICA

Notes to Financial Statements (Cont'd)

Year ended 31 March 2013

7 Investment in subsidiary

	<u>2013</u> \$	<u>2012</u> \$
Maritime Technical Services (Jamaica) Limited	<u>99</u>	<u>99</u>

8 Receivables

	<u>2013</u> \$	<u>2012</u> \$
Trade receivables	9,311,179	7,858,371
<u>Less: Provision for bad and doubtful debts</u>	<u>(3,585,357)</u>	<u>(5,396,446)</u>
	5,725,822	2,461,925
Other receivables	5,006,141	3,376,848
Due from related company (Note 12)	2,905,816	2,886,926
	<u>13,637,779</u>	<u>8,725,699</u>

9 Cash and cash equivalents

	<u>2013</u> \$	<u>2012</u> \$
Cash at bank and in hand	780,511	3,265,120
Investments	14,835,565	3,807,633
	<u>15,616,076</u>	<u>7,072,753</u>

MARITIME AUTHORITY OF JAMAICA

Notes to Financial Statements (Cont'd)

Year ended 31 March 2013

10 Payables

	<u>2013</u>	<u>2012</u>
	\$	\$
Accounts payable	2,737,803	1,587,149
Other payables	4,227,548	5,006,560
Accrued expenses	33,549,451	30,450,980
	<u>40,514,802</u>	<u>37,044,689</u>

Accrued expenses include provision for unused vacation leave as follows:

	<u>2013</u>	<u>2012</u>
	\$	\$
At beginning of the year	11,371,581	9,572,865
Provision made during the year, net	3,433,316	1,897,716
Vacation leave paid during the year	(680,059)	(99,000)
At end of the year	<u>14,124,838</u>	<u>11,371,581</u>

11 Cash generated from operations

Reconciliation of profit/(loss) for the year to cash generated from operations:

	<u>2013</u>	<u>2012</u>
	\$	\$
Profit/(loss) for the year	11,320,348	(2,056,308)
Adjustments for:		
Depreciation (Note 6)	2,739,715	2,539,105
Loss on disposal of fixed asset	-	74,760
Changes in working capital		
- receivables	(4,915,242)	5,400,911
- payables	3,470,113	6,440,480
Net cash generated from operations	<u>12,614,935</u>	<u>12,398,948</u>

MARITIME AUTHORITY OF JAMAICA

Notes to Financial Statements (Cont'd)

Year ended 31 March 2013

12 Related party transactions and balances

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions.

The following transactions were carried out with related parties including companies connected by virtue of common shareholders and directorship.

	<u>2013</u> \$	<u>2012</u> \$
<u>Gross operating revenue</u>		
Ministry of Transport & Works		
- Subvention	125,657,962	126,963,330
- Statutory deductions paid	28,733,787	25,841,041
	<u>154,391,749</u>	<u>152,804,371</u>
Maritime Technical Services (Jamaica) Limited		
- Technical services	-	<u>3,630</u>

Year end balances with related parties are as follows:

	<u>2013</u> \$	<u>2012</u> \$
<u>Due from related company (Note 8)</u>		
Maritime Technical Services (Jamaica) Limited	<u>2,905,816</u>	<u>2,886,926</u>

13 Financial instruments

Information relating to fair values and risks of financial instruments is summarised below:

a) Fair value

The fair value of cash and cash equivalents, accounts receivable and accounts payable approximate to carrying value due to their short term nature.

b) Financial instrument risk

The Authority is not making use of derivative instruments as part of its overall risk management activities at this time. Therefore, exposure to credit, interest rate, currency, market liquidity and cash flow risk on financial instruments arise in the ordinary course of the Authority's operations, and not for risk management purposes.

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.

There is no significant exposure to interest risk.

MARITIME AUTHORITY OF JAMAICA

Notes to Financial Statements (Cont'd)

Year ended 31 March 2013

13 Financial instruments (Cont'd)

b) Financial instrument risk (Cont'd)

ii) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

iii) Foreign currency risk

The Authority incurs foreign currency risk on transactions that are denominated in a currency other than the Jamaican dollar. The main currency giving rise to this risk is the United States dollar. The Authority ensures that the net exposure is kept at an acceptable level.

The Authority is exposed to exchange rate changes in respect of net assets in foreign currencies which amounted to US\$326,824 (2012: US\$ 396,836.) at 31 March 2013.

Exchange rates in terms of the Jamaican Dollar were as follows:

At March 31, 2012: J\$87.30

At March 31, 2013: J\$97.94

iv) Liquidity risk

Liquidity risk refers to the risk that the Authority will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity problems may result from an inability to sell a financial asset quickly at or close to its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed facilities.

The Authority manages its liquidity risk by maintaining a substantial portion of its financial assets in liquid or near liquid form.

v) Market risk

Market risk refers to the risk that the fair value or future cash flow of the financial instrument will fluctuate because of changes in the market price.

The Authority is not subject to this risk as it holds no financial assets which are convertible to cash only by trading in the market.

MARITIME AUTHORITY OF JAMAICA

Notes to Financial Statements (Cont'd)

Year ended 31 March 2013

13 Financial Instruments (cont'd)

b) Financial instrument risk (Cont'd)

vi) 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 ensuring as far as possible, that fluctuations in cash flows relating to monetary financial assets are minimal by investing at fixed rates for a fixed duration in the short term.

14 Employee pension benefit

The Authority provides post retirement pension benefits through a defined-contribution scheme. The scheme is funded by contribution from the authority and employees in accordance with the rules of the scheme.

Under the defined-contribution scheme, retirement benefits are based on the Authority's and employees' accumulated contributions plus interest and therefore the authority has no further liability to fund pension benefits.

Expense recognized in the income statement:

	<u>2013</u>	<u>2012</u>
	\$	\$
Pension contribution	<u>3,831,020</u>	<u>3,554,634</u>

15 Post balance sheet events

No events have occurred since the balance sheet date which would require adjustments to, or disclosure in, these financial statements.



8 April 2014

To the Directors of
MARITIME AUTHORITY OF JAMAICA
KINGSTON

AUDITORS' REPORT

The supplementary information set out on pages 16 to 19 taken from the accounting records of the Authority, has been subjected to the tests and other auditing procedures applied in our examination of the Authority's financial statements for the year ended 31 March 2013.

In our opinion this information, although not necessary for a fair presentation of the Authority's state of affairs, results of operation, or changes in cash flow, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Chambers Henry & Partners

CHARTERED ACCOUNTANTS
KINGSTON, JAMAICA

Partner
Sophia Beckford

MARITIME AUTHORITY OF JAMAICA

Income statement - Combined summary

Year ended 31 March 2013

	<u>2013</u>	<u>2012</u>
	\$	\$
Gross operating revenue		
- German office	14,255,040	15,915,522
- Singapore office	1,834,351	2,237,187
- Other	191,753,987	182,848,778
	207,843,378	201,001,487
Operating expenses		
- German office	1,945,069	13,055,280
- Singapore office	-	354,793
- Other	197,228,749	189,385,883
	(199,173,818)	(202,795,956)
Operating profit/(loss) before net finance income	8,669,560	(1,794,469)
Net finance income/(cost)	2,650,788	(261,839)
Profit/(loss) for the year	11,320,348	(2,056,308)

MARITIME AUTHORITY OF JAMAICA**Detailed Profit and Loss Account - German Office**

Year ended 31 March 2013

	<u>2013</u>	<u>2012</u>
	\$	\$
Revenue		
Service income		
- German office	14,255,040	15,915,522
	<u>14,255,040</u>	<u>15,915,522</u>
<u>Less: Administrative Expenses</u>		
Agency fee	1,945,069	13,055,280
	<u>(1,945,069)</u>	<u>(13,055,280)</u>
Profit for the year	<u>12,309,971</u>	<u>2,860,242</u>

MARITIME AUTHORITY OF JAMAICA**Detailed Profit and Loss Account - Singapore Office**

Year ended 31 March 2013

	<u>2013</u>	<u>2012</u>
	\$	\$
Revenue		
Service income		
- Singapore office	1,834,351	2,237,187
	<u>1,834,351</u>	<u>2,237,187</u>
<u>Less: Administrative Expenses</u>		
Commission	-	354,793
	-	<u>(354,793)</u>
Profit for the year	<u>1,834,351</u>	<u>1,882,394</u>

MARITIME AUTHORITY OF JAMAICA**Detailed Profit and Loss Account**

Year ended 31 March 2013

	<u>2013</u>	<u>2012</u>
	\$	\$
Revenue		
Subvention - Ministry of Transport and Works	154,391,749	152,804,371
Service income		
- Other	37,362,238	30,044,407
	<u>191,753,987</u>	<u>182,848,778</u>
 <u>Less: Expenses</u>		
Administrative costs	197,228,749	189,385,883
Finance (income)/cost	(2,650,788)	261,839
	<u>(194,577,961)</u>	<u>(189,647,722)</u>
 Loss for the year	 <u>(2,823,974)</u>	 <u>(6,798,944)</u>

MARITIME AUTHORITY OF JAMAICA

Expense Schedule

Year ended 31 March 2013

	<u>2013</u>	<u>2012</u>
	\$	\$
Administrative		
Salaries and wages	85,448,774	77,026,894
Directors' remuneration	40,602,157	35,418,827
Statutory contributions	7,613,723	6,990,999
Pension contribution	3,831,020	3,554,634
Gratuity	11,625,620	10,535,384
Commuted allowance	343,248	362,288
Motor vehicle allowance	12,086,670	8,874,065
Mileage allowance	1,226,182	1,395,763
Rental	7,694,695	10,299,005
Relocation expenses	-	571,065
Loss on disposal of fixed asset	-	74,760
Audit fee	530,000	480,000
Legal and professional fees	140,369	160,148
Repairs and maintenance	1,314,781	513,274
Telephone	2,382,781	2,919,005
Advertising and promotion	1,998,084	2,292,561
Courier services and transportation	2,781,847	3,900,156
Membership fee	355,677	73,152
Insurance	1,954,677	1,638,095
Motor vehicle expenses	738,676	850,936
Stationery and office supplies	2,096,040	2,262,772
Consultancy	749,635	563,033
Conference	352,996	-
Seminar and training expenses	5,443,823	9,836,162
Parking fees	741,698	336,553
Staff welfare	945,973	517,067
Cleaning and sanitation	633,889	542,655
Subscription and contributions	1,987,436	2,086,072
Entertainment	57,875	101,165
Long range identification tracking (LRIT) expense	624,991	486,418
Depreciation	2,739,715	2,539,105
Miscellaneous expense	(661,909)	113,833
Licenses and taxes	658,695	758,251
(Reduction)/increase in provision for bad debts	(1,811,089)	1,311,786
	197,228,749	189,385,883
Net finance (income)/cost		
Interest income	(277,624)	(292,817)
Net foreign exchange transaction (gain)/loss	(2,943,135)	233,539
Bank charges	569,971	321,117
	(2,650,788)	261,839

