

MARITIME AUTHORITY OF JAMAICA



ANNUAL REPORT

For the year 2016-2017

VISION STATEMENT

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

MISSION STATEMENT

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

QUALITY STATEMENT

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

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

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

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

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BOARD OF DIRECTORS AND MANAGEMENT TEAM

BOARD OF DIRECTORS

Mrs. Corah-Ann Robertson-Sylvester	Chairman
Mr. William A Brown	Member
Mr. Peter D McConnell	Member
Mr. Tony Tame	Member
Ambassador Sheila Sealy-Monteith	Member
Miss. Valerie Simpson	Member
Rear Admiral Peter Brady	Member
Mr. Bertrand Smith	Secretary

MANAGEMENT TEAM

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

REPORT OF THE BOARD OF DIRECTORS

During the period under review, the Maritime Authority of Jamaica has continued to exhibit positive growth in revenue in relation to its vessel registration business and its mandate to facilitate Jamaica's development as a maritime nation. With the opening of the expanded Panama Canal and the expected positive developments for the Jamaican maritime sector, the new Board of Directors is pleased to have assumed the oversight of the Authority at this interesting and promising time as Jamaica pursues critical investments for the sector. We are seeing the realization of projects which were identified by a study to take advantage of Jamaica's potential as a Shipping Centre, complementary to, and a subset of the Global Logistics Hub initiative. For instance, the three low hanging fruits positively identified: bunkering, drydocking and crewing, have taken off with great results, even as these were long in planning.



Ship Registration

On the ship registration side, the strategic decision to change the model of the Jamaica Ship Registry (JSR) through a Public Private Partnership arrangement is sure to bring robust growth in the tonnage of ships on the JSR when the project is finalized. The mega yacht registry which is in its fourth year continues to exhibit strong growth as a quality registry as continues to attract foreign yacht owners and a variety of ship financing banks registering vessel mortgages. At the same time our efforts to embrace the local yacht and small vessel owners, continue in earnest. We continue to see growth in the Local Trade business where foreign flagged vessels which intend to operate commercially in Jamaica are brought under the Local Trade regime of the Shipping (Local Trade) Regulations.. This predominantly involves bunkering vessels, dredgers, offshore exploration vessels, harbour operations tugs and other support vessels.

Legislation

Priority legislation for effectively fulfilling the mandate of the Authority has been one of the main thrusts during the period under review. There was a significant increase in the pace of accession to the international maritime conventions and the development of domestic legislation giving effect to those conventions. The legislative developments reflect the cooperative partnerships between our parent Ministry and the Office of the Parliamentary Counsel.

During the period under review significant steps were taken in relation to the passage of legislation to implement several critical maritime Conventions:

- The Shipping (Amendment Act) 2016 and the Shipping (Training, Certification, Safe Manning Hours of Work and Watchkeeping) (Amendment) Regulations, 2016 were finalised and published in the Jamaica Gazette. These pieces of legislation incorporated revisions to the STCW Convention and ensure that Certificates of

- Competency and Proficiency issued by the Caribbean Maritime Institute (CMI) will be recognized globally by ship owners.
- The draft Ballast Water Management Act, 2016 was reviewed and the comments of the stakeholders incorporated in the Bill. It is expected that Jamaica will accede to the International Convention for the Control and Management of Ships' Ballast Water in the upcoming year.
 - The draft Shipping (Amendment) Bill, 2016 and the Shipping (Welfare of Seafarers and Maritime Labour Competence Certificate) Regulations, 2016 were reviewed and final comments submitted to the Office of the Parliamentary Counsel. The legislation incorporates the Maritime Labour Convention, 2006 which is critical to the competitiveness of Jamaica Ship Registry and secures decent living and working conditions for Jamaican seafarers working on commercial ships. It is also expected that Jamaica will ratify the Convention in the upcoming year.
 - National guidance for the implementation of the amendments to chapter V of the SOLAS Convention which deals with the Verified Gross Mass for export Containers was prepared for stakeholders in the shipping industry. The amendments entered into force on July 1, 2016 and preparation for its implementation was facilitated by a series of sensitization sessions conducted in collaboration with the Shipping Association of Jamaica and the Jamaica Exporters Association.

International Maritime Organization

Preparations were made along with the Ministry of Transport and Mining (MTM) and the Ministry of Foreign Affairs and Foreign Trade (MFAFT) with the full endorsement of the Honourable Prime Minister, to seek election to the Council of the International Maritime Organization (IMO) for the 2018-2019 biennium. The IMO is the UN specialized agency with responsibility for regulating the safety and security of shipping and prevention of pollution from ships. The formal launch of Jamaica's candidacy for category C of the Council was done at Jamaica House in February 2017 with a video message from the Prime Minister, and with actual addresses at the launch from the Minister of Foreign Affairs and Foreign Trade and our own Minister of Transport and Mining. The Director General was also appointed as the Special Envoy to the IMO for our candidature towards the ending of the period under review.

Development Activities

The Authority has been successfully facilitating maritime related investments and further development in Maritime Jamaica. The range of activities which contribute to the development of the Shipping Centre as aforementioned, include: bunkering, dry docking and crewing, with the demand for bunkering still growing in spite of the supply constraints. As supply of bunker fuels continued to fall below the demand with PETROJAM not being able to increase its output, the strong effort to identify investors to set up tank farms showed welcome results as a local investor, West Indies Petroleum Products (WIPP) was able to procure existing storage facilities in Portland Bight and Ocho Rios. The establishment of dry dock facilities will become a reality within 18 months through a partnership with the shipowning company Harren and Partner, Jamaica Dry Dock Ltd, and German shipping supplier Kloska Technik GmbH.

The placement of Jamaican crews increased during the period with EXMAR Shipping and United Bulk Carriers (UBC) again engaging several more seafarers from the CMI with many officers including women, being promoted into higher managerial levels on board their ships, particularly LNG carriers. These improvements augur well for Jamaica's thrust to be a viable Logistics Hub and Shipping Centre in the Hemisphere. A number of other services such as ship supply and chandlery, "wet dock" repair services, are thriving businesses in Kingston Harbour; technical marine services such as marine surveying along with marine insurance and ship financing are now being pursued taking full advantage of the opportunities arising from the opening of the enlarged Panama Canal.

During the period under review, the Authority facilitated a number of new services and attractions in the watersports sector where all marine craft are required to be surveyed and certified safe before being permitted to operate in the sector. The regulatory framework for Cruising Permits for visiting foreign flagged yachts is being prepared, however, a few permits have been issued by the Authority on the request of yacht owners. The plan to market Jamaica as a yachting destination, leveraging our successful yacht registrations, is still centered around the Port Antonio Marina coupled with a structured involvement of the local community. This initiative is expected to be complemented by the introduction of a triangular cruise for yachts between Jamaica, Cuba and the Cayman Islands.

Ship Safety

In keeping with its mandate to regulate the safety of shipping as regards construction of ships and navigation, the Authority ensures that all Jamaican registered vessels operating globally and foreign registered vessels operating in Jamaica's maritime space comply with the international and national rules and standards for safety, security and pollution prevention.

In fulfilment of our obligations as a flag State, the Authority continued to conduct technical surveys and inspections of Jamaican ships through our in-house surveyors and a global network of ship inspectors. During the period under review, the Authority's Port State Control Officers met our target of inspecting a minimum of 15% of foreign vessels that call at Jamaican in accordance with the Caribbean Memorandum on Port State Control (CMOU). A total of five ships were detained by the Authority in the period.

Examination and Certification of Seafarers

Under the Shipping Act 1998, the Authority regulates the certification of seafarers and establishes maritime training and safety standards. It has oversight for the nautical subjects taught at the Caribbean Maritime Institute (CMI) to ensure that the programmes are delivered at the international levels required by the IMO's International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW Convention). The Authority conducts examinations and certifies the officers with International Certificates of Competency (COCs) in the various nautical and marine engineering disciplines up to the levels of Masters and Chief Engineers. The Authority also certifies, in accordance with the international standards, foreign trained seafarers working on Jamaican flagged vessels..

For the period under review, as a result of the increased throughput at the CMI, the Authority correspondingly increased the number of examinations in Marine Engineering, Navigation and Maritime Law and also issued and revalidated an increased number of Certificates of Competency.

Without a commensurate increase in technical staff over the years, this activity places a heavy burden on the Directorate of Safety, Environment and Certification. Consequently, the Authority continues to use external examiners to augment the small technical staff who also have other operational duties to perform during exam periods.

Corporate Governance

The Authority has been compliant with all of its statutory obligations to the Government and exercised high standards of corporate governance throughout the period. All reporting obligations in relation to applicable legislation and international conventions to which Jamaica is a party were met on time. After successfully completing the ISO 9001:2008 audit during the period under review, we continued preparation for the transition and adoption of the ISO 9001:2015 standards that will take place in the 2017-2018 Financial period.

Finance

Financial performance showed continued improvement. The budget for the financial year as approved by Parliament was \$299 million with \$164.3 million allocated from Government revenues and \$135 million approved to be earned by the Authority. For this 2016/2017 financial year, revenue grew to \$339.1 million, an increase of \$66.8 million or 24.5% over the previous period. Revenue from services was \$174.7 million, a 56.55% improved performance over the previous year. Government subvention of \$164.3 million accounted for the balance of the Authority's income for the period.

With careful management of the expenditure, the budget has remained within the limits approved by Government and consistent with revenue collections. During the period of 2016/2017 expenditure amounted to \$281.5 million being just over \$18 million less than budget. This resulted in an operating surplus of \$57.6 million.

Conclusion

During the Financial period 2016-2017, the Maritime Authority of Jamaica continued to exert its presence in Jamaica's maritime space as the foremost regulatory entity relating to maritime safety and security of ships and marine pollution prevention, while contributing to Jamaica's development as a viable Logistics Hub and Shipping Centre. Its contribution to safety within the watersports sector helps to ensure that this segment of the market operates at the highest possible standards which in turn contributes to the viability and confidence in the marine tourism industry.

Through its developmental roles, the Authority continues to provide guidance and advice for potential investors thereby facilitating maritime-related projects.

With careful financial management and detailed planning, the Authority was again able to contain its expenditure below budget. This was accomplished through careful management and the exercise of conservative policies and tight controls consistent with the dictates of the Ministry of Finance and the Public Sector. For the year ending March 31, 2017, the operating surplus stood at \$57.56 million which led to a net surplus of \$65.27 million.

The Board having assumed policy, oversight and governance responsibilities during its first year with the change in government Administration, records its appreciation to the Management and Staff for their work to bring growth to the Jamaica Ship Registry, and in their efforts to project Jamaica as a viable Shipping Centre, an integral part of the Logistics Hub that can competitively provide services needed by ships which not only call at our ports but also those that transit the Caribbean Region.

It would be remiss of me not to register my gratitude to the Hon. Lester Mike Henry the Minister of Transport and Mining for his strong interest, clear policy direction and guidance throughout the period and also my colleague Board Members for their support, dedication and sound counsel. We also recognize the sterling efforts of the management of the Authority whose professionalism with hard work and commitment do justice to the word “service” for their country.

A handwritten signature in black ink, appearing to read 'CA29 Lester', with a stylized flourish at the end.

Corah Ann Robertson Sylvester
Chairperson

DIRECTOR GENERAL'S REPORT

The Maritime Authority of Jamaica is the maritime administration of Jamaica and operates as the maritime transportation agency of the Ministry of Transport and Mining. It formally came into being in April 2001 to implement the Shipping Act, 1998 which is the principal piece of domestic legislation that governs the development of shipping and regulates matters relating to merchant shipping and seafarers. The Act provides the legal framework which governs maritime development and regulates maritime safety, security and the prevention of pollution from ships. It enshrines the international maritime instruments which are promulgated by the International Maritime Organization (IMO) and other pertinent international bodies including the International Labour Organization (ILO) which has rules and standards that affect seafarers' rights.



The Authority performs its functions through its four Directorates, namely: Directorate of Safety Environment and Certification (DSEC); Directorate of Legal Affairs (DLA); Directorate of Shipping and Policy Research (DSPR) and Directorate of Corporate Services. The Directorate of Marketing and Promotions has not yet been instituted, however, limited overseas representation is carried out by appointed Deputy Registrars (DRs) in China, Malta, Norway, Panama and the USA. These appointed DRs do limited promotion and marketing with the aim of registering ships on our behalf.

The Jamaica Ship Registry (JSR) which functions within the DSPR, registers vessels worldwide by virtue of the provisions of section 8 (a) of the Shipping Act which allows for the administration of the registration of ships. During the period under review, the JSR earned the highest revenue for the Authority through the registration of various vessel types ranging from large cargo ships to small vessels and watercraft operating within the recreational boating sector in Jamaica and the watersports sector of the Ministry of Tourism. There was an overall increase of almost 31% of international vessels registered not including foreign-owned mega yachts which saw almost 52 % increase over the previous year. Registration of domestic small vessels also increased by 18%.

Directorate of Safety, Environment and Certification

Maritime safety and security, pollution prevention from vessel sources and the academic oversight for the standards of training and certification of seafarers are among the principal responsibilities carried out by the Directorate of Safety Environment and Certification. The marine surveyors and inspectors of the Directorate conduct Port State Control activities of foreign-flagged ships that call at our ports and do preliminary accident and casualty investigations affecting ships and other vessels. The Directorate has increased its output in the period under review achieving more Port State Control inspections, Local Trade inspections and Flag State inspections, the latter carried out both overseas and locally during Jamaica flagship calls at one of our ports. Most of our flagships never come to Jamaica as they cross-trade all over the world. Whenever our own surveyors are unable to conduct flag-State inspections overseas, particularly in Europe, Asia, and Africa, through arrangements), flag-State inspections are carried out on our behalf through contractual

arrangements with Non-Exclusive Surveyors (NES) . We have NES in China, Hong Kong China, Singapore, and the Middle East.

Through DSEC's technical staff including the marine surveyors and inspectors and the examination section, the monitoring of the delivery of nautical and marine engineering training at the Caribbean Maritime Institute (CMI) has been maintained during the period, along with the preparation of examinations and the auditing of the quality management system, in keeping with the requirements of the International Convention for the Standards of Training and Certification for Watchkeeping (STCW Convention). As the volume of work increased again during the period under review, consequent to the increase in throughput at the CMI, more external assistance was sought particularly with the marking examination papers.

Throughout the period DSEC has also been active in conducting workshops and seminars for the Marine Police and carrying out the regular inspections and re-validations of safety certificates of hundreds of vessels in the watersports and the fishing sectors.

Working with other Government agencies including JAMPRO, the Authority is also charged with the responsibility to facilitate the development of maritime investments and services consistent with the Government's thrust to expand the economic activities associated with the Shipping Centre concept subsumed as that is under the Logistics Hub initiative. The year in review saw increased activities associated with this aspect of our mandate including the ongoing work in pursuit of a Private Public Partnership (PPP) arrangement to operate the JSR.

International Maritime Organization (IMO)

The Authority is Jamaica's focal point for the UN specialized agency responsible for governing international shipping, the International Maritime Organization (IMO). The IMO develops the international rules and standards for the safety and security of shipping and the prevention of pollution from ship sources. Jamaica's participation in the work of the IMO continued during the period as a Member State. The IMO Council is the Governing body of the Organization when the Assembly, which meets every two years, is not in session. Jamaica was elected to the IMO Council in 2007 and was subsequently re-elected three times for each succeeding biennium, however, at the last Council elections during the 29th session of the Assembly, we were not re-elected. Having membership on the Council is prestigious and helps to raise the maritime profile of the country as a reputable maritime State. The decision was made by the Government during this period under review, for us to prepare for the next Council elections which will take place at the IMO in London in December 2017.

While we are determined to regain our position at the next Council elections in December 2017, we continue to attend and participate in the technical work of the IMO which keeps us abreast of policy, legislative and technical developments and redounds to our status as a reputable maritime State, ensuring our representation during the rule-making processes of the Organization. The Directors and senior officers of the Authority attend the main committee meetings at the IMO where the international maritime rule-making takes place. Our presence at the technical meetings of the IMO ensures that overly stringent rules are not made, which would prove challenging for Small Island Developing States (SIDs) and Least Developing Countries (LDCs) to implement.

Jamaica also benefits from the IMO's Integrated Technical Cooperation Programme which promotes capacity building, facilitates funding for maritime education and Training at various levels up to graduate level at the World Maritime University (WMU) and the International Maritime Law Institute (IMLI). The Caribbean including Jamaica benefits from various fellowships and aid programmes that provide for specialist maritime education and training. Many senior persons in the public service, including the Authority and other maritime agencies and institutions, are graduates of various IMO funded programmes. During the period several Jamaican persons were undergoing education and training, *inter alia* at the two IMO tertiary institutes, World Maritime University (WMU) in Sweden, and the International Maritime Law Institute in Malta and other institutions. For eligible Jamaicans, the Authority coordinates these fellowships and endorses the applicants. The Authority also hosted several IMO funded national and regional seminars and workshops

Shipping Hub Activities

In the pursuit of its developmental mandate, the Authority has been articulating the establishment of Jamaica as a **Maritime Centre** or **Shipping hub** through the facilitation of the development of maritime activities as a means of attracting investments and generating employment through the provision of various services to the maritime industry, particularly ships, and not only to those calling at our ports but also to others transiting the region engaged in north/south and east/west trades in the hemisphere. The opening of the enlarged Panama Canal has also offered new opportunities. Some allied services envisioned include financial, ship brokerage, arbitration and marine insurance.

With the aid of our formal Commonwealth Secretariat funded study on Jamaica's prospects to position itself as a viable Shipping Hub, a number of activities and services were positively identified. These include, *inter alia*, marine insurance, ship financing, bunkering, crewing, drydocking/repairs, and ship chandlery. The study identified and articulated three "low hanging fruits" which were relatively quick to develop and start and would also be like a magnet for the introduction of other services. The current status of the three: Crewing, bunkering and drydocking are outlined:

- **Ship Repair/Dry Dock**

The report from consultants who conducted another follow-up Commonwealth Secretariat study on the establishment of Ship Repair (facilities) in Jamaica, which was completed during the previous period, was the catalyst for partnerships with two German and a Jamaican company to pursue the establishment of floating dry dock facilities in Kingston Harbour. Planning and financing arrangements are underway.

Bunkering

A further study by the Authority and also funded by the Commonwealth Secretariat "**A Study to Position Jamaica as a Bunkering Location in the Caribbean Region**" laid out the potential of Jamaica as a competitive bunkering station in the region. Bunkering of ships is taking place in Jamaican waters with four bunker suppliers providing service to ships calling at our ports or transiting the Wider Caribbean Sea routes proximate to Jamaica. As the sole supplier of "bunkers" in Jamaica PETROJAM has still not been able to meet the predictable demand which was actually demonstrated in the study.

Consequently, the Authority has also urged the bunker companies to invest in tank farms and to import their own supplies. One owner did go that route by procuring excellent facilities at Port Esquivel which previously stored ethanol. Additionally, that company, West Indies Petroleum Products (WIPP), has expanded its bunkering fleet and intends to increase its offerings to cruise vessels on the North Coast.

- **Crewing**

The principal pool of Jamaican seafarers is drawn from the Caribbean Maritime Institute (CMI) from which the annual throughput has increased both for marine engineers and nautical cadets. While the CMI has some lingering problems with the placement of all the cadets in berths at sea, the situation has improved measuredly with more well-established shipping lines offering placements. More CMI trained personnel are also being exposed to practical aspects of seafaring on board specialist ships engaged in the Local Trade. The Authority continues to assist with identifying berths for our seafarers. The value of this activity to the individual seafarer and to the economy is clear as wages are denominated in US dollars and much of the salary is remitted to Jamaica.

Ship Registration Services

The Private Public Partnership (PPP) to identify and engage suitable private investor partners for the privatization of the management, operation and promotion of the JSR progressed with a consultant being contracted to undertake a pre-feasibility analysis of the JSR. The consultant delivered the pre-feasibility assessment in January 2016 and this was accepted by the Enterprise Team. Subsequently, a Terms of Reference for a Transaction Advisor to undertake a feasibility study/business case to confirm the viability of the project and determine how the transaction would be structured was approved by the Enterprise Team. The estimated time for completion of the PPP is 18-24 months.

The types of vessels which the JSR registers include bulk carriers, container ships, tankers, barges, fishing vessels and pleasure craft ranging from mega-yachts and personal watercraft. Earnings from total vessel registration services during the period was \$31,062,653 compared to \$22,398,603 during the last period. The registration of mega yacht has been the most successful area with the fleet growing by 45% by the ending of the period.

Commercial Jet Ski operations in Jamaica remain suspended and the Authority has been working with the Task Force appointed by the Ministry of Tourism to develop a framework for the safe operation of Jet Skis. Consequently, the Authority conducted training of operators, developed a series of control measures and made a recommendation for the resumption of commercial Jet Ski operations in prescribed geographical areas of Jamaica.

Mass Rescue Operations (MRO)

The development of the MRO contingency plan for Jamaica had reached such a high maturity stage that an all-island communications exercise was conducted in April 2017 with the generous assistance of the US Coast Guard. The Authority, as the local lead agency for the development of the plan, and the Office of Disaster Preparedness and Emergency Management (ODPEM)

participated in the exercise which was led and coordinated by subject matter experts of the US Coast Guard.

The exercise was conducted over a five day period and involved other Jamaican agencies and entities including: the Jamaica Defence Force and its Coast Guard, the Jamaica Constabulary Force, Port Authority of Jamaica (PAJ), the Jamaica Civil Aviation Authority of Jamaica (JCAA), the Airports Authority of Jamaica (AAJ), Norman Manley International Airport (NMIA), Montego Bay Airport (MBJ), the Parish Councils, the Jamaica Fire Brigade (JFB) and the Ministry of Health (MoH).

The MRO Contingency Plan was therefore updated as a result of the exercise. Jamaica's readiness to respond to a major incident involving a large passenger ship or aircraft in our maritime space and Flight Information Region (FIR) in the water, has been greatly reinforced.

Financial Out-turn

During FY16/17 approximately 48.5% of our total revenue was provided by Government which showed a 2.3% increase over the previous period. The revenue from operations was \$174.76 million which showed an increase of 56.6% over the previous period. This increase in revenue was generated from: Ship Registration activities locally and internationally including foreign owned yachts brought into the JSR; Local Trade from foreign flagged commercial vessels operating in Jamaican waters; vessels and watercraft operating for tourism in the watersports industry; fishing and miscellaneous vessels, and, examination and certification of seafarers. The operating surplus also showed a significant increase of 272% while expenditure over the period increased to a modest 7.5%.

Outlook for 2017/2018

In the next period, April 2017 to March 2018, while the forecast of events will be shaped by the policy direction of the new Board, there are certain programmes which should continue while new revenue sources are to be identified. The following specific areas are targeted:

- The identification of a Transaction Adviser for the PPP of the JSR.
- Accelerating the campaign activities for election to the IMO Council in December 2018
- Accession to the Maritime Labour Convention, 2006 and the Ballast Water Management Convention, 2004.
- Priority Legislation to be pursued
- Dry Dock project to be fully facilitated.
- Continuing to collaborate with the CMI to identify internships at sea for Cadets to obtain qualifying sea-time.
- Maintaining international standards certification under ISO 9001:2008 quality standards and complete activities to transition to the ISO 9001:2015 standard in the coming year.

Conclusion

The year has brought many successes for the Authority as we continue to provide Jamaica with a modern marine administration which understands the international regulatory responsibilities of

shipping which is vital for Jamaica's economy depending as it does on shipping for 93% of its trade. We have provided the necessary academic and regulatory oversight for the nautical and marine engineering training carried out by the CMI consistent with the requirements of the IMO's International Convention on Standards of Training and Certification of Watchkeeping for Seafarers (STCW Convention). Through a rigorous observance of the various national and international rules and standards and a robust port State control targeting programme we have helped to keep sub-standard shipping out of Jamaica's maritime space. In our role as a facilitator of maritime activity to create jobs and earn valuable foreign exchange for the country, we continue to promote the Shipping Hub concept by identifying and facilitating activities that will provide services to international shipping thus contributing to Jamaica becoming a viable shipping centre in the hemisphere.

We do our job with a very talented highly trained and dedicated team of persons who have rendered incredible support and with whom I have the distinct honour of working. I take the opportunity to thank the staff for all of the encouragement and support given to me during this review period which they have done oftentimes under great stress and with many challenges. Lastly, I wish to also register my thanks to the Board for their guidance, support and encouragement throughout.



Rear Admiral Peter Brady
Director General

JAMAICA SHIP REGISTRY (JSR)

The JSR remains a quality Registry which is evidenced by the achievements recorded in the period under review. The projection for the registration of eight (8) international vessels and seventy (70) yachts was surpassed by 162.5% and 38.6% respectively. However, the true potential of the JSR is still to be realized as there is a need for the strategic deployment of appropriate resources to achieve the desired success. It is for this reason that Authority is pursuing the privatisation of the JSR through a Public-Private Partnership (PPP).

The Yacht Registry continues to be the main contributor to the growth of the Registry mainly in terms of revenue, the number of vessels registered and to a lesser extent the gross tonnage. The Mega Yacht Registry Services (MYRS) has been engaged for another year commencing April 1, 2017, as Deputy Registrar (DR) of the Jamaica Ship Registry in Florida, the Caribbean and the Mediterranean Area. The renewed agreement was presented to Jake DesVergers, Managing Director of MYRS, on his annual visit to the Authority on March 7, 2017. Mr. DesVergers was also then presented with a token by the Director General, in acknowledgement of his efforts that saw the significant increase in the number of yachts on the Register since his engagement as DR. The DR also paid a courtesy call on the Chairman of the Board of Directors of the Authority.



Jake DesVergers, Managing Director MYRS, receiving a token from Rear Admiral Brady

The Authority also recognized Mr. Sergey Gudko, Director Ukrainian Marine Lawyers Ltd. and a DR for Ukraine and Turkey, for a decade of collaboration between Ukrainian Marine Lawyers Ltd. and the Maritime Authority of Jamaica and the promotion of the Jamaican Flag. To commemorate the event, Mr. Sergey Gudko, visited the offices of the Authority between January 24 – 26, 2017 where the Agency Agreement was renewed for another year and he was presented with a token to commemorate the milestone. The DR also paid a courtesy call on the Chairman of the Board of Directors at her office.



The Director General, Rear Admiral Peter Brady and the DR, Mr. Sergey Gudko of Ukrainian Marine Lawyers Ltd.

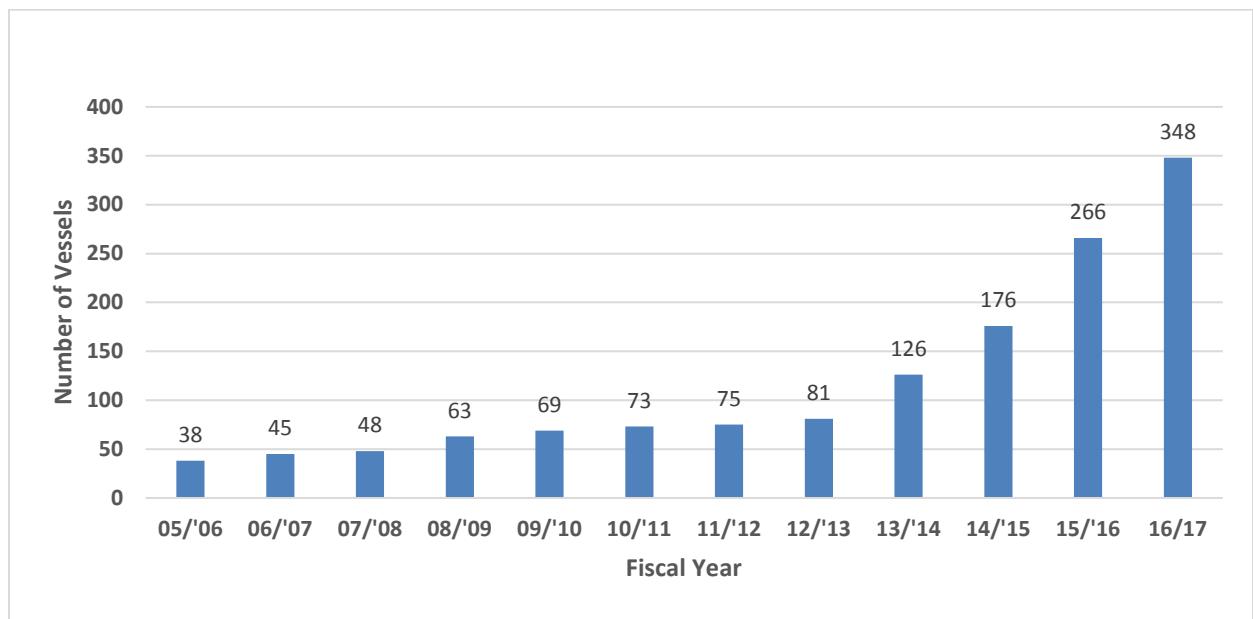
The Authority also facilitated a meeting between the DR (Ukraine and Turkey) with the Jamaican Diplomatic Representative in Turkey on February 10, 2017.

A total of 22 vessels have been registered by the DR over the decade, all under 24 metres. There are currently Twelve (12) vessels on the Register, attributed to the efforts of the DR, two of which were registered during the period under review.

Registration Activities

The JSR continues in its growth, realizing a 31% increase in the number of vessels and 26% increase in tonnage over the period. There is no direct correlation between the number of vessels and the tonnage on the Register. The number of vessels on the Register stands at 348 at the end of the period as against 266 for the previous period.

Growth in the Register 2005 – 2017

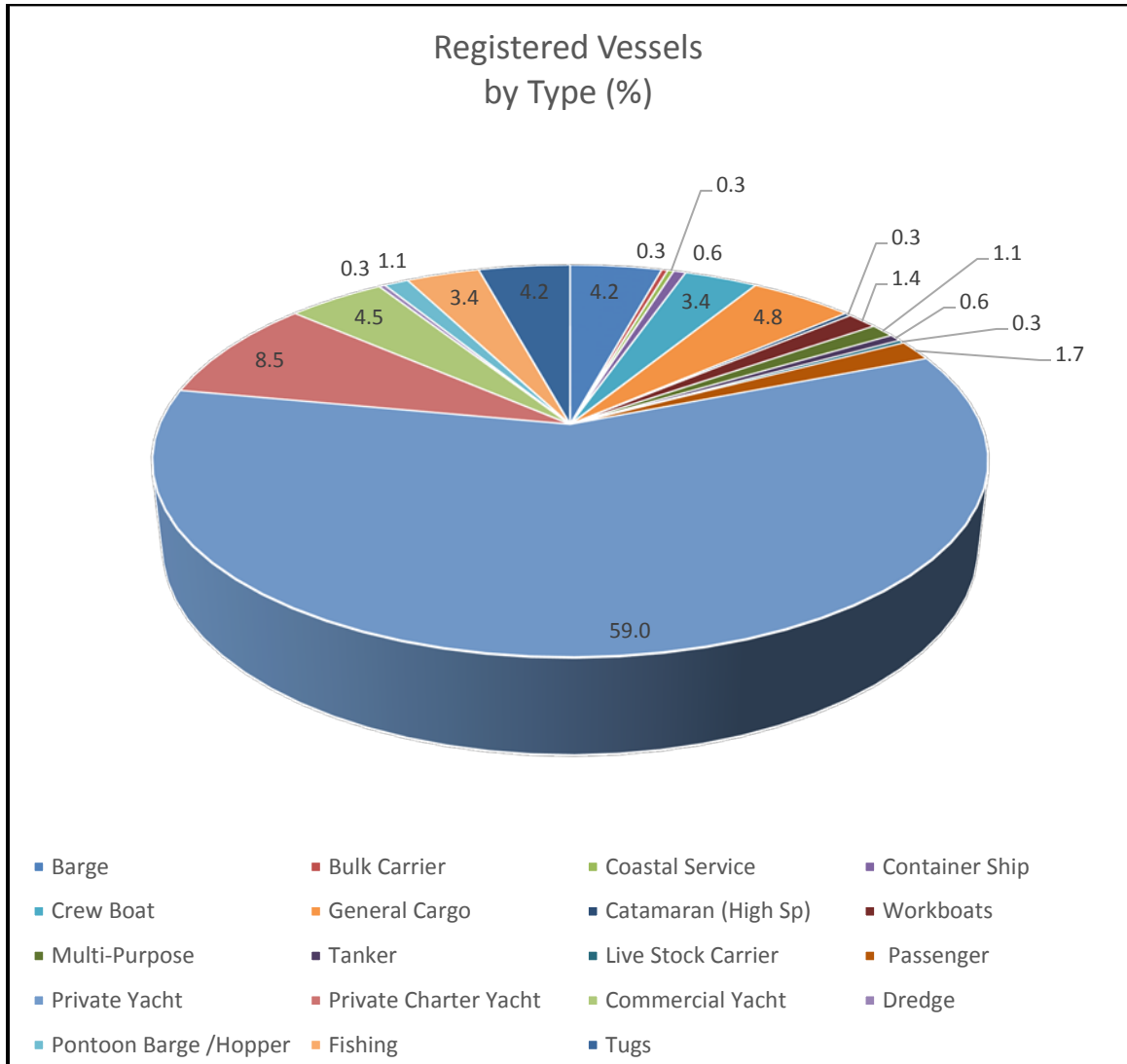


The significant growth in the registry for the last four years is a direct result of yacht registration through the Mega Yacht Registry Services in Florida.

Since its inception, the JSR has maintained a fair retention record throughout the years as, of the 512 vessels registered, 74% have been retained. only with only five of the 115 (representing 4.4%) vessels registered over the period were deleted. All but one, a General Cargo ship, of the deleted vessels were yachts. A small percentage of yachts are routinely deleted as owners seek to optimize their (perceived) value or simply to dispose of them.

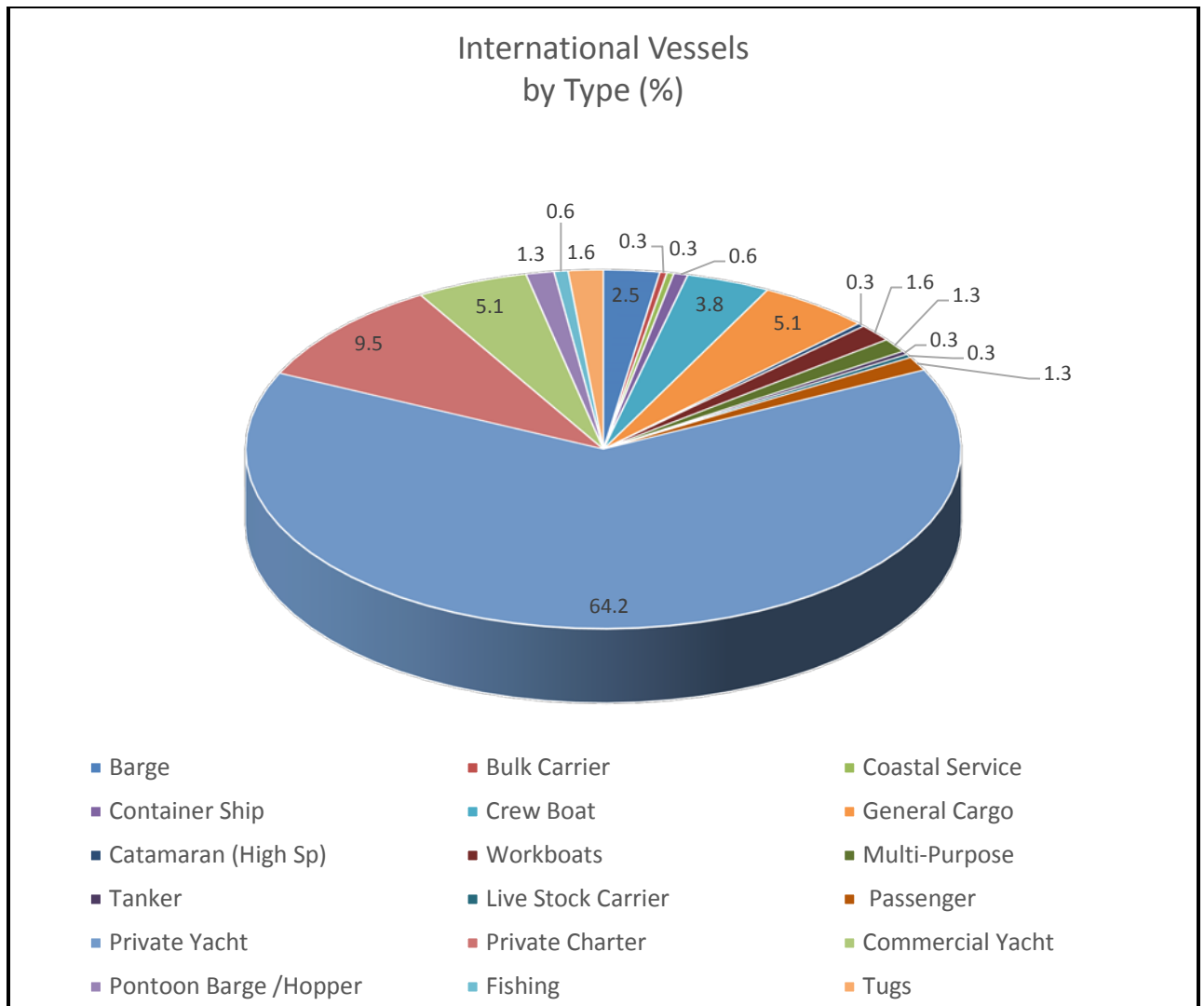
The chart below provides an indication of the percentage composition of the Register by type of vessel.

Percentage Composition of the Register by Type of Vessel



The composition of vessels in the international market is represented below and provides an indication of the distribution of international vessels by type.

Distribution of International Vessels by Type

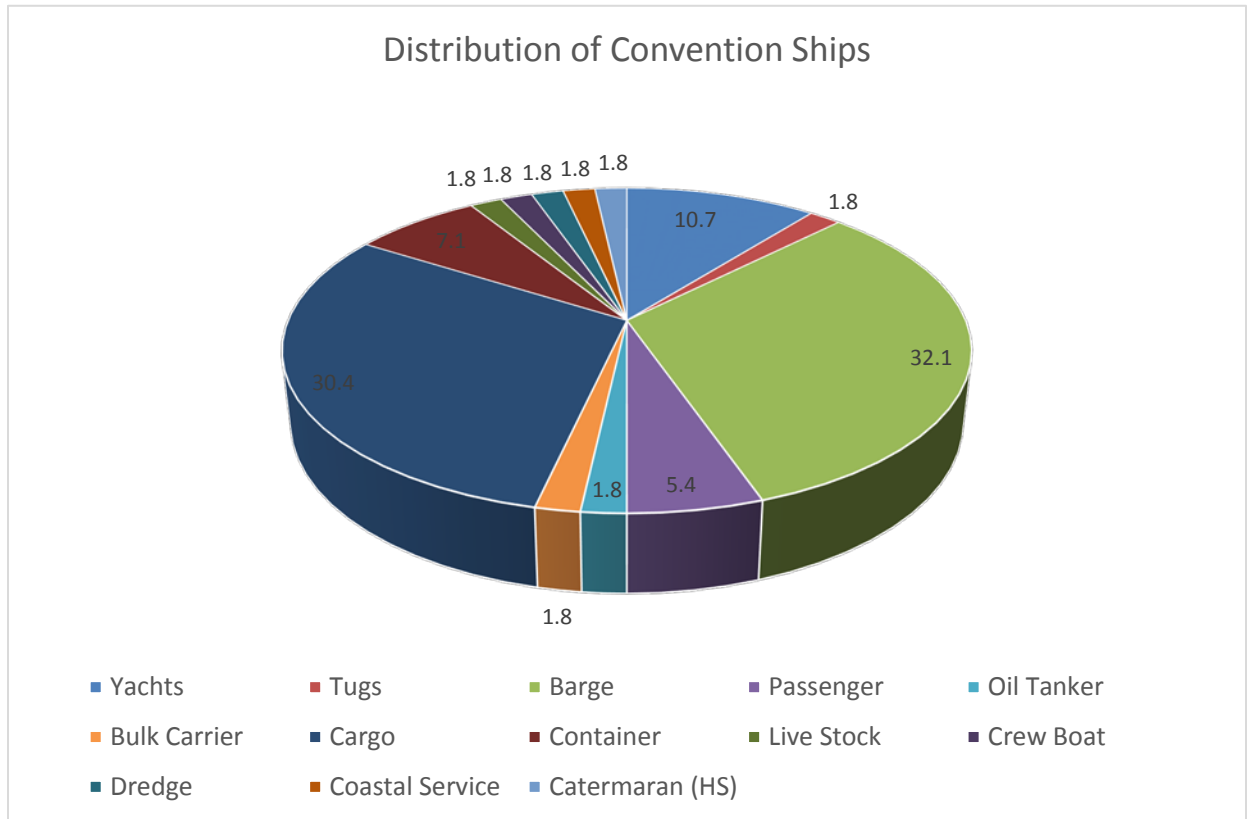


From the above chart, the Yachting segment of the market shows 64.2% of vessels being private yachts while 9.5% represents Private Charter Yachts and 5.1% Commercial Yachts. General Cargo vessels also account for 5.1% of the International Vessels.

Convention vessels, 500gt and above, increased from 44 in 2016 to 56 in March 2017, 87.5% of which are engaged internationally. The domestic fleet of large vessels accounts for 12.75% of the convention ships on the Register.

The chart below provides a representation of the distribution of convention ships on the Register, by vessel type.

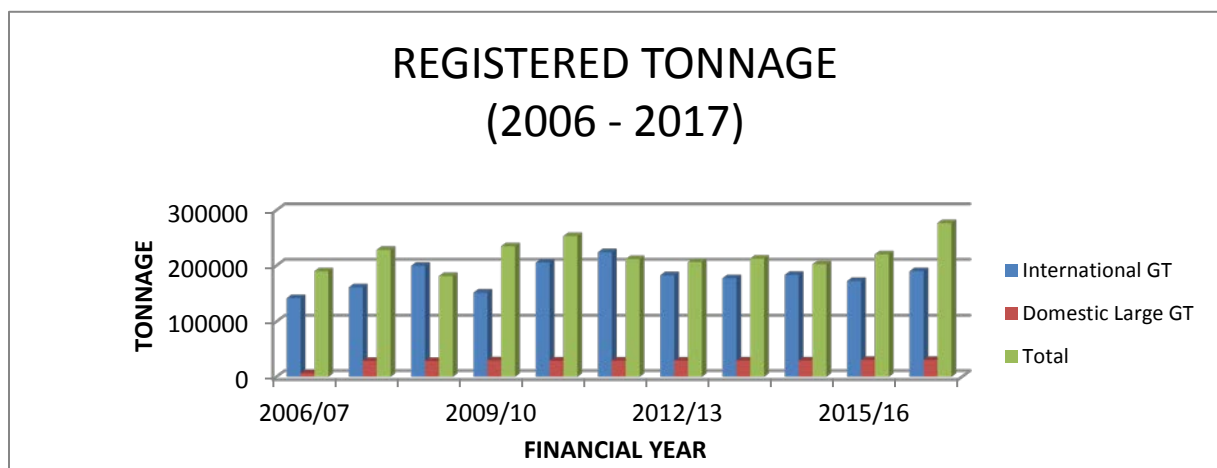
Distribution of Convention Vessels by Type



There was a fair increase in tonnage of the Registry for the period as the highest tonnage ever achieved was realized with 276,480 gt, a 25% increase over the previous period. This was realized despite vessel deletions causing a loss of 41,070.7 gt. It is to be noted that there is no direct correlation between the number of vessels and the tonnage on the Register as Yachts, for example, carry very little tonnage but account for the highest number of vessels on the register.

The chart below shows the registered tonnage over the past eleven years.

Registered Tonnage 2006-2017



Registration of small domestic vessels continues with a total of 953 vessels now on the Register. These vessels are primarily moored in Jamaica and predominantly engaged in the water sports sector.

Local Trade Activities

A total of 27 certificates were issued for vessels involved in Local Trade activity over the year in the following categories: 15 certificates were issued for the first time for the minimum term of three months, 3 were issued for six months, 2 were issued for a year and 7 were based on applications for renewal. The vessels are primarily involved in bunkering and dredging operations.

SEAFARER ENGAGEMENT AND WELFARE

The welfare of the Jamaican seafarers and seafarers aboard Jamaican flagged vessels are of primary importance to the Authority. In fulfilment of this obligation, the Registrar of Seafarers continues to provide support to seafarers in pursuit of employment opportunities by assisting with identifying opportunities for the engagement of seafarers and maintaining records of persons so engaged.

Twenty-Two Seafarers were referred for employment over the period. The efforts to have Jamaican Seafarers facilitated in Asia through the efforts of Authority's Agent in the region did not materialize as the cost of transporting Seafarers to and from the vessels was found by shipowners to be prohibitive. Seafarers can be sourced by them in their region at a fraction of the cost of engaging a Jamaican Seaman.

There are increased efforts to place Seafarers in the local maritime industry. Three candidates were referred to the Jamaica Private Power Plant for short-term employment onboard the Jamaican Power Barges operated by that facility. Efforts are now being made to have seafarers placed on vessels engaged in local trade.

The Registrar of Seafarers continued over the period, to provide guidance to Seafarers as required. Issues regarding termination and associated compensation represent the primary issues addressed, with complaints received from three Seafarers claiming wrongful dismissal or non-payment of salaries. Two cases have been settled with the assistance of the Registrar of Seafarers while the other is before the Courts.

SHIP INSPECTION AND SURVEYS

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

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

Port State Control Inspections

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

For the reporting period, a total of one hundred and sixty-two (162) inspections were conducted. This was eighteen (18) fewer inspections than the previous year and twelve (12) more than the planned target. The minimum target of 15% inspections as required by Caribbean Memorandum of Understanding (CMOU) is superseded annually.

The table shows the comparisons of PSC Inspections over a seven-year period:

<u>Period</u>	<u>Target</u>	<u>Actual</u>
2010/2011	144	166
2011/2012	144	102
2012/2013	192	141
2013/2014	141	150
2014/2015	121	163
2015/2016	144	180
2016/2017	150	162

Over the reporting period, sixty-four (64) of the ships had a total of one hundred and forty-three (143) deficiencies and there were five (5) detentions due to serious safety deficiencies and sub-standard conditions onboard the vessels. The five (5) ships that were detained had deficiencies in the categories below:

- Safety of Navigation
- Lifesaving appliances
- Load line
- Fire safety measures
- Certificates and Documents
- Emergencies Systems

It should be noted that Jamaica exceeded its minimum mandatory requirement of 15% inspections of ships calling at the Jamaican ports as required by the CMOU on PSC in the calendar year 2016. The Caribbean Maritime Information System (CMIS) is being used by the Authority to assist PSC inspectors in targeting ships and sharing data with other MOUs and related international agencies. An additional feature of the system allows results of inspections conducted to be reflected on the Equasis website.

Flag State Inspections

The Authority conducted twenty-two (22) Flag State Inspections, that is inspections on Jamaican registered vessels. This is an increase of four (4) when compared to the previous financial year.

The table shows comparisons of Flag State inspections over a seven-year period:

<u>Period</u>	<u>Target</u>	<u>Actual</u>
2010/2011	20	20
2011/2012	20	19
2012/2013	16	12
2013/2014	16	22
2014/2015	17	17
2015/2016	17	18
2016/2017	16	22

Local Trade Inspections

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

Among these vessels are the foreign-registered tankers engaged in bunkering and numerous foreign tugs that are periodically engaged in operations exclusively in Jamaican waters. We presently have the largest vessel to ever have been registered under the Local Trade, the 90,000 Grt M/V Golar Arctic an LNG Floating Storage Regasification Vessel and the smaller M/V Coral Anthelia engaged in the transportation of LNG from Portland Bight to the Port of Montego Bay.

Over the period, thirty-one (31) local trade inspections were done. This is an increase of two (2) over the previous year.

The Table shows comparisons of Local Trade Inspections over a seven-year period:

<u>Period</u>	<u>Target</u>	<u>Actual</u>
2010/2011	12	13
2011/2012	10	9
2012/2013	10	10
2013/2014	10	13
2014/2015	10	19
2015/2016	10	29
2016/2017	10	31

Small Vessel Safety Inspections

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

During the period one thousand three hundred and eight (1,308) small vessels were inspected. This is a decrease of one hundred and thirty (130) vessels when compared to the previous year. This is partially a reflection of the ban on commercial Jet Ski operations.

In summary, 1308 vessels (new and renewals) were inspected, of which 994 were non-motorized and 444 were motorized.

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

<u>Period</u>	<u>Target</u>	<u>Actual</u>
2010/2011	1200	1,870
2011/2012	1300	1,189
2012/2013	1300	1,254
2013/2014	1300	1,173
2014/2015	1300	1,663
2015/2016	1300	1,438
2016/2017	1350	1,308

It is recognized that a lot of the private vessels that operate around the coast remain unregistered. With the assistance of the Marine Police and the Coast Guard we intend to enforce the law to have these vessels registered. Registration of these vessels will improve maritime safety and also protect the marine environment.

Marine Casualty Investigations

A total of nine (9) marine casualty investigations were carried out for the reporting period. They are as follows:

- Allision of Vega Scorpio – collided with Kingston Wharf (May 2016)
- Hobie cat of Couples Tower Isle – collided with a Spear Fisherman. (June 2016)
- Allision of Pilot Vessel Service 4 - allided with Cement company coal pier (August 2016)
- Hoegh Caribia - oil spill during bunkering with Bunkerjam 1. (November 2016)
- CFS Panjang - oil spill during bunkering by truck. (November 2016)
- Tug Bently King - Crewmember hurt from a parted towing wire (December 2016)
- Yacht Indulgence and Canoe - collision killing a fisherman. (January 2017)
- Interlink Saga City - Crew member died after falling in cargo hold. (March 2017)
- Germania Nova - A crewmember died after falling from the mast

Certification & Licensing of Seafarers

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

For the 2016/2017 financial year, the following activities were conducted:

- STCW Certificates of Competence (COC) revalidated – 151 (increase of 107)
- STCW COCs, new issued – 70 (increase of 17)
- Certificate of Proficiency – 874 (increase of 747)

The table below shows the examinations and certifications conducted over a 7-year period:

<u>Period</u>	<u>COC Revalidated</u>	<u>COC New</u>	<u>Endorsement attesting further training</u>	<u>Certificate of Proficiency</u>
2010/2011	13	52	52	0
2011/2012	22	19	60	0
2012/2013	18	50	62	0
2013/2014	29	66	51	0
2014/2015	26	31	41	0
2015/2016	44	53	11	127
2016/2017	151	70	0	874

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

Examination for the Issuance of COC

During the period, five hundred and sixty-two (562) examinations were conducted by the Authority 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 7 years are shown in the table below:

<u>Period</u>	<u>Target</u>	<u>Actual</u>
2010/2011	245	498
2011/2012	440	652
2012/2013	440	699
2013/2014	440	617
2014/2015	440	588
2015/2016	440	528
2016/2017	440	562

The 2016/2017 period showed that examinations conducted increased by 34 surpassing the target of 440 examinations by 122. The Authority continues to ensure that adequate resources are in place to handle the volume of examinations. External examiners were therefore contracted to augment the in-house examiners.

Reciprocal Recognition Endorsements

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

Endorsements issued over a 7-year period are shown below:

<u>Period</u>	<u>Target</u>	<u>Actual</u>
2010/2011	120	142
2011/2012	120	333
2012/2013	120	207
2013/2014	120	222
2014/2015	120	208
2015/2016	120	347
2016/2017	120	333

Coxswain Licenses

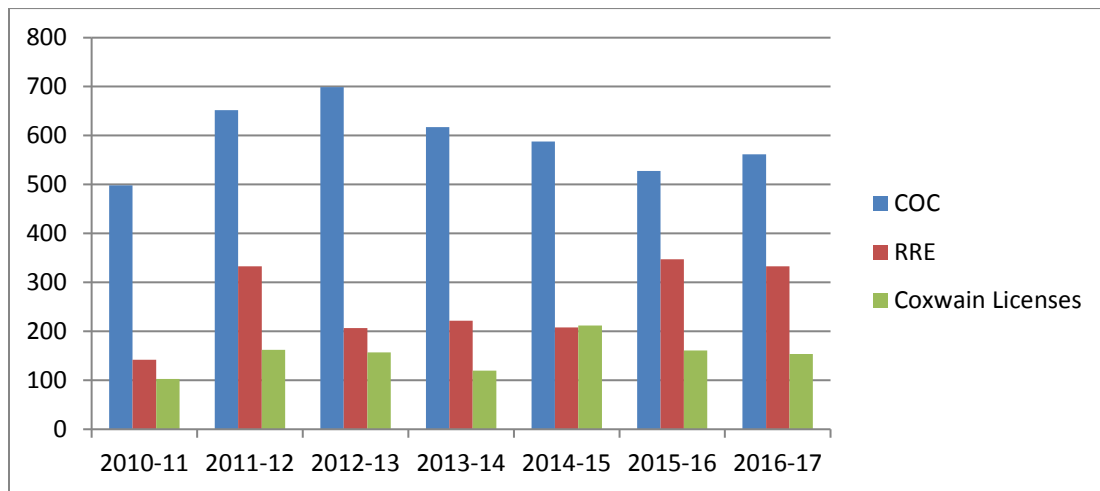
The Authority also tests and issues local boat handlers with coxswain licenses. For the year, one hundred and fifty-four (154) coxswain licenses were issued to boat handlers. This is a decrease of seven (7) when compared with the previous year.

A total of ninety-three (93) coxswain examinations were conducted over the reporting period; an increase of 18 examinations over the previous period.

Coxswain licenses issued since 2010 are shown below:

<u>Period</u>	<u>Target</u>	<u>Actual</u>
2010/2011	120	103
2011/2012	120	162
2012/2013	120	157
2013/2014	120	120
2014/2015	120	212
2015/2016	120	161
2016/2017	120	154

Certification issued over seven years are represented below:



DEVELOPING JAMAICA AS A SHIPPING CENTRE

The Authority in following its developmental mandate has been pursuing the establishment of Jamaica as a maritime shipping centre through the development of allied maritime activities as a means of generating employment through a range of economic activities. This concept is subsumed in the wider national logistics hub initiative.

A seminal study on the development of Jamaica as a shipping hub was completed in 2010 with the recommendation that crewing, dry-docking and bunkering activities be pursued as a first step or level one in the thrust to develop the Country's maritime cluster. Since that time, sector specific studies have been completed on bunkering (2012) and dry docking (2015) and the recommendations are being implemented.

The specific sector study on bunkering that was conducted with the assistance of the Commonwealth Secretariat, entitled "*Study to Position Jamaica as a Bunkering Location in the Caribbean*" used countries in the Caribbean, Europe and the Pacific that are engaged in bunkering as benchmarks. The Study assessed the impact of bunkering on the Jamaican economy and identified best practices within the bunkering sector. The Report indicates that if Jamaica could increase the share of the vessels passing through the Panama Canal which bunker in Jamaica, it would benefit from induced economic impact of US\$3.1 billion and generate about 900 job opportunities. Prior to 2015 there were two investors in bunker operations in Jamaica and during the period two additional investors commenced operations. However, despite more investment in bunker operations, there has been no real growth in the industry. The significant factor is the supply limitation which has severely affected the redistribution of available supply to accommodate new investors. It has thus proven elusive for Jamaica to attain the volumes projected by the Study because of the supply constraints. There is an urgent need to identify investors to establish tank farms to provide adequate supply to meet the demand of bunker operators. There were signs of favourable prospects towards the end of the financial year in the establishment of tanks farms as one local investor has acquired tanks for storage and has identified and visited possible sites for establishing a tank farm.

Consistent with the result of the shipping hub study there is also a focus on developing dry docking operations in Jamaica. The Authority has been actively pursuing the establishment of dry docking facilities which was identified as a critical component of the Country's maritime cluster. In this regard, a study on the Potential for Ship Repair Activities in Jamaica was commissioned and completed with the assistance of the Commonwealth Secretariat. Significant strides have been made in establishing a dry dock in Jamaica as Harren and Partner Group (H&P), a German company with shipping interests in Jamaica, represented by their local Company, H&P Caribbean Maritime Services Ltd. (H&P CMS), Kloska Group, an international ship supply company and two other local companies partnered to form German Ship Repair Jamaica Ltd. with its offices and dry dock operations located in Harbour Head, Kingston. Three vessels are to be brought in from Europe to start preparatory work for the dry dock. After the receipt of the various Government approvals for operation the project should take 21 months to complete the establishment of the dry dock facility.

OTHER ACTIVITIES

Mass Rescue Operations (MRO)

The Authority has recognized that the island attracts some of the largest vessels, both passenger and cargo, to its ports and accidents involving these vessels can happen at any time which could impact the lives of up to thousands of individuals. Such an incident within the vicinity of Jamaica would have adverse consequences on our tourism industry and our international image if Jamaica did not have plans in place to address MRO to minimize the loss of lives and bring survivors safely to our shores. Consequently, in 2016 the Authority spearheaded the development of a Mass Rescue Operations Plan, to prepare for such a contingency. The availability of Search and Rescue services to respond to disasters involving mass evacuation/rescue of persons is an international obligation.

It was therefore imperative that a task force be established involving key stakeholders such as Office of Disaster Preparedness and Emergency Management (ODPEM), Jamaica Defence Force (JDF), Jamaica Constabulary Force (JCF), MAJ, Jamaica Civil Aviation Authority (JCAA) and others. Assistance was sought from the United States Coast Guard (USCG) and a consultant was assigned to assist in drafting the MRO plan.

The Authority was the lead agency working under the umbrella of the ODPEM along with several agencies of government with massive assistance from the USCG, in developing the MRO contingency plan to effectively respond to a major passenger ship or aviation incident in Jamaica's marine space or Flight Information Region (FIR). The MRO plan reached a stage of maturity and the planned, functional communication exercise was carried out, across the island on April 4-8, 2016. The various Agencies have reviewed their roles and responsibilities according to the MRO contingency plan and are prepared to meet the requirements.

Legislation

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

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

- Legislation to incorporate the Maritime Labour Convention:
 - The Shipping (Amendment) Bill, 2016 and the Shipping (Welfare of Seafarers and Maritime Labour Competence Certificate) Regulations, 2016 were reviewed and comments prepared and submitted to the Office of the Parliamentary Council.
- Legislation to incorporate the 2010 amendments to the STCW Convention:
 - The Shipping (Medical Examinations) (Amendment Act) 2016 draft was reviewed and sent for publication in the Jamaica Gazette.

- The Shipping (Training, Certification, Safe Manning Hours of Work and Watchkeeping) (Amendment) Regulations, 2016 draft was reviewed and sent for publication in the Jamaica Gazette.
- Legislation to provide for an increase in penalties under the Shipping Act.
 - The Shipping (Amendment Act) 2016 legislation was reviewed and comments provided to the Office of the Parliamentary Council.
- Legislation to incorporate the International Convention for the Control and Management of Ships' Ballast Water and Sediments, 2004.
 - The legislation was reviewed and comments provided to the Office of the Parliamentary Council.
- Legislation to provide an increase in fees for services provided by the Authority.
 - Drafting Instructions are before the Chief Parliamentary Council.
- SOLAS Convention
 - Several presentations were made providing advice and developing national guidance for the implementation of the Amendments to chapter V of the SOLAS Convention which deals with the Verified Gross Mass for export Containers.
 - Presentation made on domestic Port Security legislation and the implementation of the ISPS Code.
- MARPOL 73/78
 - The Directorate of Legal Affairs reported on the National MARPOL Annex V1 Workshop and the minutes of the National Task Force (NTF) Meeting and submitted to IMO.
 - The Directorate of Legal Affairs continues to regulate the discharge of ship-generated waste in Jamaica. The Director chairs the interagency committee comprised of NEPA, PAJ, Ministry of Health and NSWMA.
 - The Director of Legal Affairs serves as the National Focal Point and Chairman and the Legal Officer as the National Project Coordinator and Secretary of a National Task Force on the implementation of MARPOL Annex V1.

International Maritime Organization Activities

The Maritime Authority of Jamaica continued to maintain its presence and representation at the International Maritime Organization (IMO) during the period under review by attending two Council meetings, two meetings of the Maritime Safety Committee (MSC) and meetings of the Marine Environment Protection Committee (MEPC); the Technical Cooperation Committee (TCC); the Legal Committee (LC) and the Sub Committee meetings of the Human Element Training and Watchkeeping (HTW), Navigation Communications and Search and Rescue (NCSR) and Implementation of IMO Instruments (III).

The decision to bid for a seat in category C of the IMO Council for the 2018-2019 biennium was made after Cabinet by way of its decision in November 2016 approved the recommendation from the Ministry of Transport and Mining.

Jamaica served on the Council previously from 2008-2015, having been elected each time for the five biennia 2008-2009, 2010-2011, 2012-2013 and 2014-2015. We failed to be re-elected during the November 2015 elections for the 2016-2017 biennium, held at the IMO, losing to Thailand by two votes with 110 votes to Thailand's 112 votes. There were 143 eligible member States who voted and at least three CARICOM member States did not participate in the vote which support was crucial for Jamaica.

Between April 2016 and March 2017 with the assistance and guidance of the Ministry of Foreign Affairs and Foreign Trade (MFAFT) and their various overseas Missions, moderate campaigning for election to Category C of the IMO Council commenced and in October 2016 after the formal Aide-Memoire was composed by the MAJ, setting out the rationale, Jamaica's status as a maritime State and justification for bidding for a seat at the IMO Council, a proposed strategy within a structured campaign was formulated and recommended to Government.

A Steering Committee for Jamaica's candidature under the chairmanship of the MFAFT and with the MFAFT members, Ministry of Transport and Mining (MTM) representatives, and MAJ representatives was established. At a December 2016 meeting chaired by the Hon Minister of Transport and Mining and the Hon Minister of Foreign Affairs and Foreign Trade, the Committee endorsed and approved the strategy and budget for the formal campaign which included a recommendation to the Cabinet for an official launch in Jamaica in early 2017, a formal launch in London at the IMO in mid-year 2017, a budget and the appointment of the Director General of the MAJ as a special envoy for Jamaica's campaign for the IMO Council.

The Steering Committee had several meetings between January and March 2017 and the formal launch of our candidature was held at Jamaica House with the Hon Prime Minister bringing opening remarks via a video presentation with the Hon Ministers of Transport and Mining and Foreign Affairs and Foreign Trade contributing with their formal presentations in person.



Rear Admiral Peter Brady addressing the audience at the official launch of the IMO Candidature for Council, in Jamaica

A wide cross-section of government, ministries and agencies and private sector representatives attended, along with heads of the foreign missions. The Chairperson and members of the MAJ Board were also in attendance.



A section of the audience featuring Heads of Foreign Missions

A special campaign ditty was performed by the children of Rousseau Primary School whom we had previously commissioned. This was well received. Refreshments followed in the courtyard of Jamaica House.



The Children from Rousseau Primary School performing “We Need A Voice”



Hon. Minister of Transport and Mining, L Michael Henry, in discussion with Hon Minister of Foreign Affairs and Foreign Trade, Kamina Johnson-Smith and Rear Admiral Peter Brady.

In February 2017 the Director General travelled overseas to lobby support for our IMO Council candidature. In February 2017 a visit was made to Morocco to attend the **Crans Montana Forum** at the sponsorship of the organizers. The main purpose was to lobby African states for support of our IMO Council candidature. The event showcased African countries' development needs and the principal topics were "Agriculture and Food security in Africa and a "Conference on Small Island Developing States (SIDS) (the SIDS World Integration, New Actors of the South-South Cooperation). The Hon Ministers of Foreign Affairs and Foreign Trade, Education, Youth and Information (MEYI), the Executive Director (ED) of the CMI and senior officers from the Ministry of the MEYI were also in attendance. Both the ED of CMI and the DG of the MAJ participated in a panel discussion; Africa in the New World Maritime Economy: Hopes and Concerns, Focus on SIDS.

The composition of the team which will attend the 30th session of the IMO Assembly at which the elections for the IMO Council will take place on December 1, 2017 has not been finalized however the team will be led by Hon Minister of Transport and Mining.

Official Visit

The Jamaican High Commissioner-designate to the United Kingdom (UK), Seth Ramocan visited the Maritime Authority of Jamaica



Mr. Seth Ramocan, Jamaican High Commissioner-designate to the United Kingdom, meeting with Rear Admiral Peter Brady, Director General; Bertrand Smith, Director Legal Affairs and Jodi Barrow, CMOU Secretariat

His visit was part of a series of meetings being held prior to him taking up his term of office in the UK. The High Commissioner-designate was briefed on the mandate, roles and functions of the Authority and it was indicated to him the possible support areas which the Jamaican High Commission in the United Kingdom could render for the Authority as Jamaica's maritime and shipping agency.

Mr. Ramocan was also briefed on the Authority's involvement with the International Maritime Organization (IMO) – the United Nations specialized agency with responsibility for the safety and security of international shipping and the prevention of marine pollution by ships. Admiral Brady noted that Jamaica has been an IMO member state since 1976.

Maritime Awareness Week

Maritime Awareness Week was celebrated in Jamaica September 25-29, 2016, culminating on World Maritime Day, September 29, 2016. The World Maritime Day theme was "Shipping indispensable to the World." The Authority engaged the maritime and supporting industries in celebrating World Maritime Day through a week of national activities. The Authority, along with key partners collaboratively hosted various activities. The objectives of the activities were to:

- Increase overall awareness of the maritime sector;

- Bring focus to the critical link between shipping and the everyday lives of people in Jamaica and all over the planet;
- Raise awareness of the role of the International Maritime Organization (IMO) as the international regulatory body that governs international shipping; and
- Highlight MAJ's role as Jamaica's maritime administration and the focal point for the IMO

The week of activities started with a church service on Sunday, September 25 at the Havenhill Baptist Church, where Bindley Sangster, Senior Advisor to the Minister of Transport and Mining the Hon. Mike Henry, brought greetings on the Minister's behalf. The Director General, Rear Admiral (Ret'd) Peter Brady, brought remarks on behalf of the Board Chair Corah-Ann Robertson Sylvester.

Activities included in the week were as follows:

- **Exhibition and Opening Ceremony**

Rear Admiral Brady brought the industry message at the annual official opening ceremony and exhibition which took place on Monday, September 27 on the grounds of Caribbean Maritime Institute.



Rear Admiral Peter Brady making his address at CMI Annual Official Opening Ceremony for Maritime Awareness Week

The MAJ along with several industry partners manned booths at the exhibition, which provided an opportunity to meet the public including students from the rural and corporate area schools of Jamaica.



Rear Admiral Peter Brady and Jenny Jenny rapping with interested students

- **Port Tours**

Guided tours of the Port were conducted, with participation from corporate area and rural schools. Non-sector companies from the business district downtown also participated in tours of the port. They expressed appreciation for the opportunity to view the varied and essential operations on the port and were pleased to have been exposed to the shipping sector.

- **World Maritime Day**

This year's stellar event for World Maritime Day was a *Sunset Cruise Reception* hosted by the MAJ and Women in Maritime Association Caribbean (WiMAC) on the **CARIBBEAN QUEEN**. The cruise took guests on a tour of the Kingston Harbour. This provided a great opportunity for integration among the shipping sector. The guest speaker at the reception was Grantley Stephenson, Chief Executive Officer of Kingston Wharves Limited

There was a Sky Lantern release from the vessel during the reception, in honour of seafarers.

International Day of the Seafarer

International Day of the Seafarer 2016, was celebrated June 25, as designated by the International Maritime Organization (IMO), under the theme "At Sea for All". The day is set aside each year, for the acknowledgement of the contribution of Seafarers to the development of shipping globally. The theme is provided annually by the IMO, as a guide for activities to commemorate the day.

Seafarers and Cadets were hosted by the Director General and Registrar of Seafarers at the office of the MAJ. They shared their opinions on issues, had their questions answered, interacted with staff members and were provided with refreshment and tokens to mark the Day.

A short article in honour of the Day was featured in the Jamaica Gleaner's Tuesday "Shipping Page" Feature, as well as on the MAJ's Facebook Page.

Recognitions

Employees of the Authority and Board Chair were honoured at the 35th Annual Graduation Ceremony of the Caribbean Maritime Institute, held at the Jamaica Conference Centre, Kingston

- Claudia Grant, Deputy Director General, was inducted into the CMI Hall of Fame, for her contribution to shipping in the Caribbean and for long service contribution to CMI.



Mrs. Claudia Grant, Deputy Director MAJ (second left) being recognized for her contribution to Shipping in the Caribbean

- Hamada Fouda, Marine Surveyor, was inducted in the CMI Hall of Fame, for Technical contribution to the CMI and for expansion of international partnerships.



Captain Hamada Fouda (second left) being recognized for his contribution to the CMI

- Natola Meredith, Registrar of Ships, marched with the graduating class of 2016, awarded MSc Logistics and Supply Chain Management.



Miss Natola Meredith (second left) graduated after achieving an MSc in Logistics and Supply Chain Management

- Corah Ann Robertson-Sylvester, MAJ Board Chair was honoured for outstanding service to the CMI and to the Caribbean Shipping Association (CSA), where she served as its first female president.

Workshops and Training Seminars

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

The major ones held during the period were as follows:

- **National Workshop on MARPOL Annex VI and Technology Transfer**

The Authority through the Directorate of Legal Affairs hosted the workshop on the request of the IMO. The workshop was designed for representatives from ministries of transport, environment, maritime administrations, ports, industries, universities, maritime training centres and professional associations with an interest in preserving the marine environment, in matters pertaining to ship energy efficiency and the reduction of greenhouse gas emissions.

- **Maritime Security Train the Trainer Course**

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

- **PSC-Under Ballast Water Management (BWM) Training Seminar**

A marine inspector attended the IMO sponsored training seminar which was aimed at developing sustainable knowledge in the implementation of BWM Convention and to build the capacity for sampling and analysis of ballast water for compliance purposes. Having completed the training participants are able to:

- Prepare the trainees to conduct courses and practical sampling and analysis of ballast water in their own countries; and
- Coordinate activities with the regional coordinators to facilitate the smooth implementation of the BWM Convention in developing countries.

PUBLIC RELATIONS

Overview

Public Relations is an integral component of the Maritime Authority of Jamaica's (MAJ) corporate and operational plan, aimed at increasing the profile of the Authority in the local and regional landscape. Corresponding objectives are to promote awareness and enhance the visibility of the MAJ; to distinguish the entity from others in the shipping industry and to educate the public on the role of the MAJ.

To this end, the MAJ is showcased through various public relations activities including exhibitions and outreaches, engagement in the print media, other media appearances, advertising,

As Jamaica's maritime administration and as the focal point for the International Maritime Organization (IMO), every year the Maritime Authority of Jamaica coordinates Maritime Awareness Week activities, engaging the maritime and supporting industries to increase overall awareness of the maritime sector, to highlight the Authority's role as Jamaica's maritime administration, to raise awareness of the role of the IMO as the international regulatory body for international shipping - through public relations support.

The Authority continues to carry out its core activities as mandated by the Shipping Act to ensure the protection and safety of Jamaica's marine environment. To this end, the Authority, through the Public Relations Unit, seeks to provide public relations coverage of activities to increase public awareness both locally and internationally. The dissemination of materials and participation in activities of other stakeholders within the shipping industry has made an impact on the public and clients are sensitized to the requirements to facilitate an effective and efficient interface with the Authority.

Elaborate Communications continues to generate awareness for the Authority, with the provision of PR opportunities through articles and press releases. This coverage on the international market appears in such publications as Matrix Maritime Media, Hellenic Shipping News Worldwide, Shipping and Marine Events, All About Shipping, Entorno Inteligente and The Seafarer Times.

Newsletters

The quarterly JSR newsletter, published by the Authority, is designed to bring awareness to the work of the Authority and the Jamaica Ship Registry. The newsletter also seeks to provide pertinent information to ship owners, captains and cadets. For this period, three editions were published. The publication is distributed to the local and international market by the Authority.

Advertising

The Authority also strives to create awareness of its purpose and services through advertising.

The Authority placed two corporate advertisements with *Portside Caribbean* - the official publication of the Port Management Association of the Caribbean (PMAC) which covers the Caribbean and Latin America. It targets seaport managers, container terminal operators, operators

of private wharves and marinas, port authorities, shipping lines, cruise lines, port security entities, customs, port service providers, engineers and others.

This was a mutually beneficial relationship, as the Authority published three articles in *Portside Caribbean* during this period, as follows:

- **Caribbean Port administrators need to be concerned** by Bertrand Smith – *Portside Caribbean magazine*, February – April 2016 edition.
- **The Caribbean – Ideal for registration of mega yachts** by Bertrand Smith – *Portside Caribbean magazine*, November 2016 – January 2017 edition.
- **Maritime Authority of Jamaica explains Legal issues governing operation of marinas** - *Portside Caribbean magazine*, November 2016 – January 2017 edition.

Jamaica Ship Registry full page, full colour corporate ad was placed in *Super Yacht Business* – a UK based publication with controlled circulation of close to 10,000 readers – all involved in the superyacht sector.

Maritime Authority of Jamaica full colour, quarter page corporate ad published in Fair Trading Commission publication '*COMPETE*'.

Calendars

The Authority produced its 2017 calendar which boasted a display of photographs that depicted the various areas of responsibility which fall under the purview of the Authority. Some 1000 copies were distributed to local and international clients. The calendars were beautifully designed and were well received by the public.

Outreach

The Authority participated in the Mountain View Primary School Career Day. This was an opportunity to expose children at the primary level, to the existence and the work of the Maritime Authority of Jamaica. A booth was erected, and the MAJ-branded tokens distributed were well received by students and teachers alike.

HUMAN RESOURCE AND STAFF WELFARE

The Authority currently has forty-four members of staff, nine less than its authorized complement. The restrictions placed on filling vacant posts by the Government have prevented the Authority from expanding its staff complement in accordance with its expanded roles and growth in the Maritime Industry. During the financial year, there were no changes in the staff complement.

Training and Development

The Authority encourages the improvement of its staff through further training and development. Non-technical staff members are being assisted to capitalize on training opportunities through both internal and external facilities. During the period, training and development opportunities were extended to staff in the form of workshops, seminars and courses as it related to their field.

Some of the training included:

- Fundamentals of Budgeting held at MIND.
- Technical Standing Works Group held in St. Kitts and the Nevis
- Maritime Safety Information held in St. Lucia
- Training Officers in Network Meeting held at MIND
- Maritime Crew Resource Management held in Kingston

The Authority facilitated the award of a scholarship from the Sasakawa Peace Foundation to Miss. Abigail Bryan, Examination Officer, to pursue a Master's Degree in Maritime Affairs at the World Maritime University in Malmo Sweden over a period of fourteen months. She is expected to complete the programme in November 2017.

Miss Sharlene Brown, who was awarded a scholarship for one year by the Chinese Embassy to pursue an International Master's Degree in Public Administration at the Tsinghua University in China, completed her studies and graduated on January 13, 2017.



Ms. Sharlene Brown posing with senior personnel from the Tshinghaua University in China after receiving her degree.

Staff Welfare and Wellness Program

The staff wellness and welfare program continues to be a priority and therefore the Authority supports various activities to promote mental and physical wellness of staff.

The Authority sponsored those willing to participate in 5k run/walk events. During the period members of staff participated in the Shipping Association of Jamaica 5K Run/Walk, the Sagicor 5K Run/Walk and the Digicel 5K Night Run/Walk.

Miss Natola Meredith placed first in the Shipping Industry Category for the Shipping Association of Jamaica 5K run/walk.

The staff also participated in a fun day activity at Robin's Bay, St. Mary on May 27, 2016. Prior to the event the staff were placed in houses and enjoyed activities leading up to the day. On the day, the houses competed in games of various sorts, flat races, bun eating contests and tug-of-war.

INFORMATION SYSTEMS

The Authority continued its investment in upgrading the network architecture. This included completing the second phase of the project that saw the procurement of a second server and network attached storage (NAS) equipment for redundancy and offsite backup. This serves to implement redundancy and recovery in the architecture if a virus, such as the RAMSOMEWARE virus, infects the computer system.

Maintenance and Expansion of Computer Networks

Three laptops were procured over the period for replacement of obsolete ones.

Software Development and Procurement

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

- **Certification Database Application**

To ensure that this Application effectively serves the needs of the internal users customers, an upgrade to the system was carried out. The system now meets all the STCW requirements.

- **Online Payment**

As was projected, the Authority achieved its objective of allowing customers to make online (electronic) payments accomplished in November 2016.. Agreements were successfully negotiated with Bank of Nova Scotia (BNS) and First Atlantic Commerce (FAC) for online payment transactions services.

- **Vessel Registration and Safety Application**

The development of this major application which would have taken into consideration the processes for registration and safety of both large and small vessels and endorsements was further postponed due to efforts to complete other software projects.

- **Cruising Permit Application**

The Cruising Permit Application was completed and is being utilized and its continuous use will provide critical feedback in improving the system. Permits that the system generates, are sent electronically to the client, and third-party personnel (Custom Officers, and other Government entities) can log in and make queries by entering the Application Identification number.

LIBRARY AND DOCUMENTATION CENTRE

Overview

The library serves an important part of the Authority's operations as it provides research material for both staff and seafarers especially those who are pursuing certification.

The library's use is continually improving with more students utilizing its examination past papers to enhance their preparation for examinations conducted by the Authority.

Records Management

Records Management Unit works in consultation with the Administrative Assistants to ensure files are created and maintained in accordance with the record management procedures. The various Directorates with the assistance of the Document Registrar have been removing records that have passed their retention dates in preparation for the storage of current records.

Access to Information Requests

There were no requests for information under the Access to Information Act. All reports were submitted to the Access to Information Unit for the period under review.

Acquisition of Publications

The Authority acquired twenty-seven (27) reference publications, of which seven were IMO conventions. These were added to the Library's collection for the year under review.

Four publications were removed from stock owing to obsolescence. The official stock count now stands at 265, in the following categories:

Reference Books	225
Non-book Formats	29
Periodical Titles	11

The library continues to receive publications from Fairplay Magazines, IMO News, Safety at Sea, Seaways, Roustabout Energy International, Aegean News, Offshore Investment, Caribbean Maritime and Naval Defense Link.

Library Technical Services

A total of twenty publications were catalogued and uploaded to the Cataloguing database. The Authority continues to receive publications donated by International Maritime Organization (IMO) and professional shipping organisations.

Use of Library Resources

The records of the library showed that a total of 158 reference consultations were made as follows:

IMO Publications	110
Periodicals	25
General Reference	23

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

The Library also had visitors from the University of the West Indies, Port Royal Marine Lab and CMI who were doing research on maritime publications.

Telephone Enquiries

There were fifteen telephone requests for information. Requests were also received via email and facsimile.

Workshops/Meetings

The Document Registrar attended the Special Libraries meetings, Records and Archive Management Section meetings and Social Economic Network (SECIN).

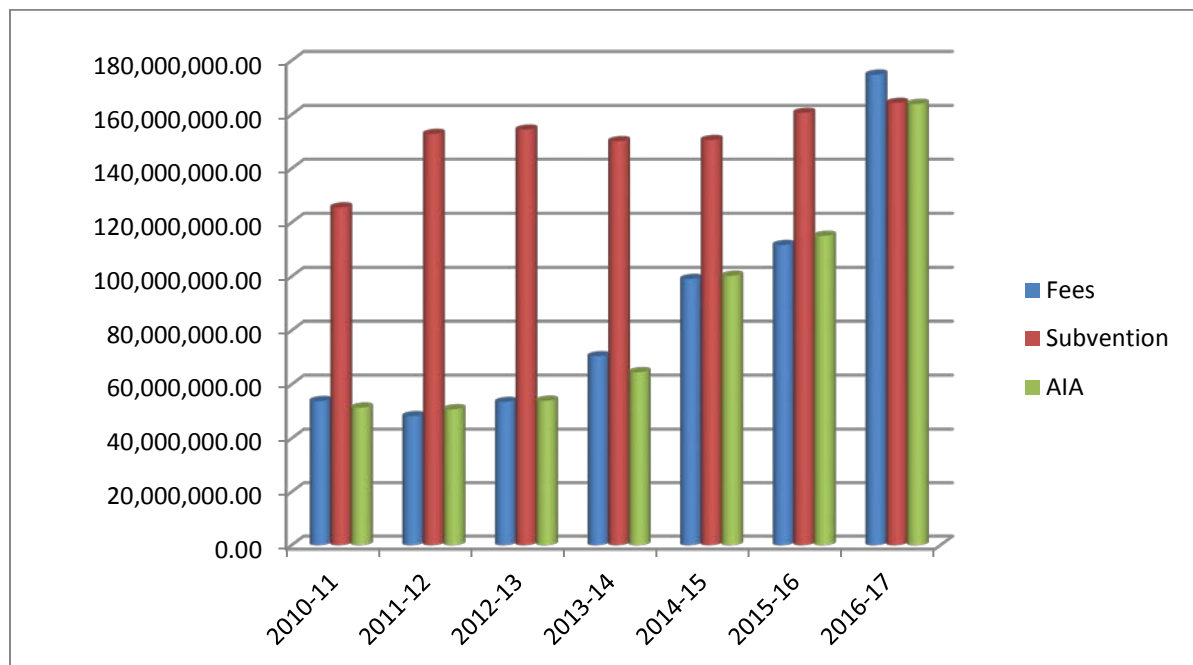
FINANCIAL REVIEW

The revenue from fees grew significantly to \$174.76 million or 56.6% over the 2015-2016 financial year. For the year ended March 31, 2017 operating surplus stood at \$57.56 million resulting in a net surplus of \$65.24 million. This reflects a 271.9% increase in profits when compared to the previous year's performance. Expenditure increased by 8.30% for the period.

Income

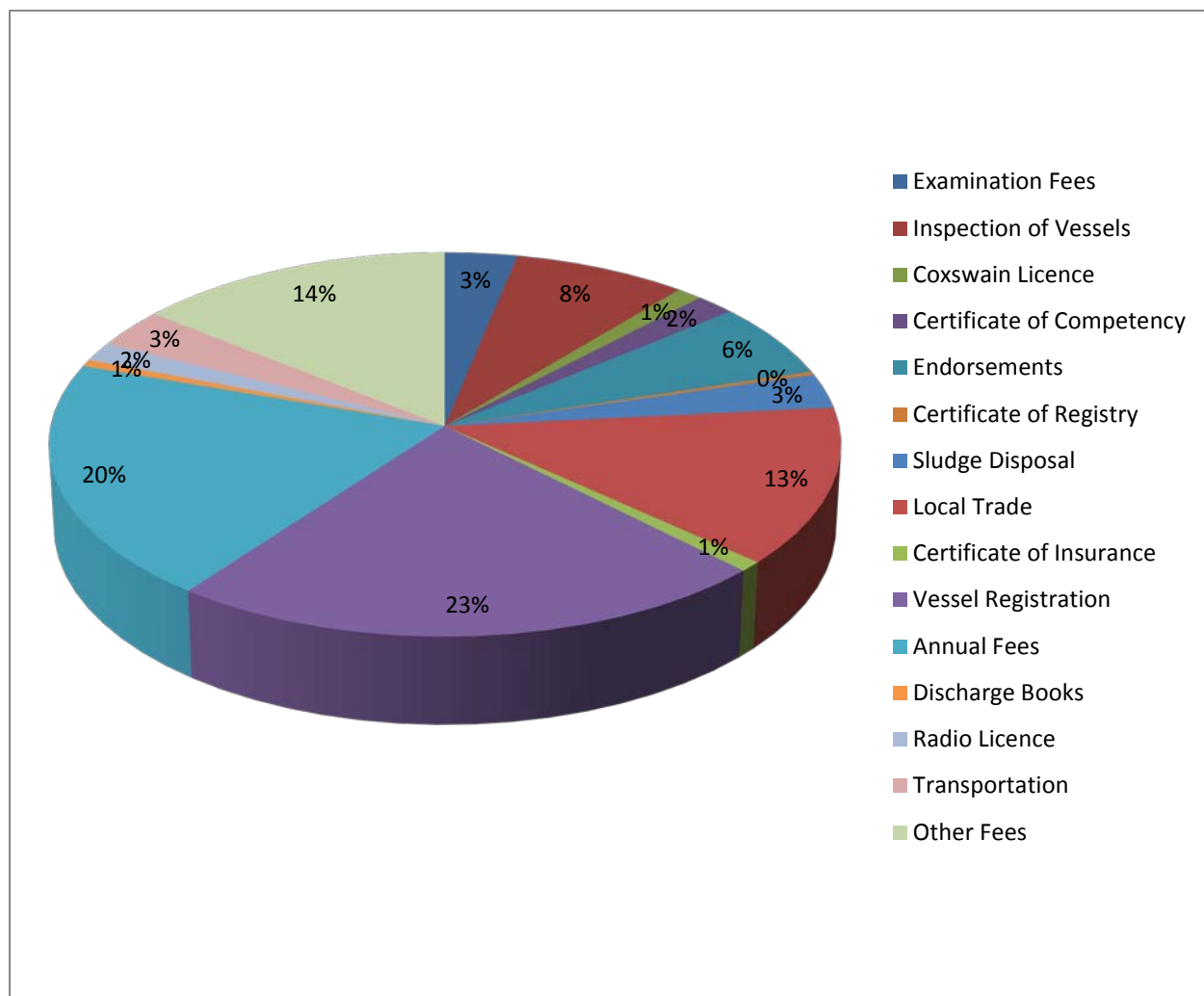
The Authority is funded mainly by Government of Jamaica subvention and income from services. Revenue for the reporting period amounted to \$339.08 million. Of this amount fees earned from services amounted to \$174.76 million which is 29.5% more than the budgeted figure of \$135.01 million. The Appropriation in Aid (AIA) reported for the period amounted to \$163.9 million which is more than the budget by 21.4%.

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



The above chart shows that fees from operations have increased dramatically by \$63 million over the 2015/2016 period while the AIA showed a similar increase of \$48.9 million. The Subvention from the Government reflected a marginal increase of 2.3%. The Authority is projecting that fees from services will increase to \$138 million for the 2017/2018 financial year based on performance during the 2016/2017 financial year. It is estimated that the Authority will also receive approximately \$159.8 million from the Ministry of Finance as support for remuneration expenses. This support from the Ministry of Finance is the same as was received during the 2016/2017 financial year.

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



Of the Total Revenue, Vessel Registration remains the main revenue earner capturing 23% and set the stage for increased Annual Fees for the coming years. Local Trade, the second major source of income, increased by 1%. Although income from Annual Fees improved in monetary value its impact on the total revenue remained the same at 20%.

Expenditure

The Authority expended \$281.52 million for the reporting period against a revised budget of \$283.22 million. This was indicative of the Authority spending within its budget and exercising a conservative method of spending in line with the requirements of the Ministry of Finance.

Expenditure for the 2017/2018 financial year is projected to be \$291.61 million.

The Maritime Authority of Jamaica Projected Profit and Loss Statement for 2017/2018 Financial Year is shown below.

	J\$
Revenue	
Subvention	159,814,000.00
Service Income	138,373,000.00

Total Income	298,187,000.00

Less Expenditure	
Salary, Wages and Traveling	221,886,000.00
Rental	15,462,000.00
Public Utilities	3,132,000.00
Purchase of Goods and Services	47,510,000.00
Contributions	3,619,000.00

Total Expenses	291,609,000.00

Surplus	6,578,000.00
	=====

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

Audited Financial Statements for F/Y 2016/2017 are presented on page 47 as Appendix 1.

PLANS FOR 2017/2018

Jamaica Ship Registry

Complete the proposed Ship Registry model which would see the engaging of a suitable private investor partner for the operation, management and promotion of the Jamaica Ship Registry with the aim of increasing the number of vessels registered under the Jamaican flag.

Shipping Centre Development

- Increased focus on identifying strategies to broaden the supply base to meet the sector's demands for bunker supply through the establishment of tank farms
- Provide support to German Ship Repairs Jamaica Ltd., to facilitate the establishment and operation of dry-docking operation in Jamaica
- Continued collaboration with the CMI to implement strategies to secure internships at sea for Cadets to obtain the required qualifying sea-time.

Strengthen the Legal Framework

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

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

Retain ISO Certification

The Authority will seek to maintain its international certification under ISO 9001:2008 quality standards system. The Authority will also intensify activities for transitioning to the new ISO Standards, ISO 9001:2015 in the coming year.

Library and Document Centre

- Grow collection by 20%
- Taskforce for accounting records
- Records and Information Management Workshops
- 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 to ensure that automated systems are maintained

Increase Revenues

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

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

Accomplishing this will strengthen the efforts of the Authority towards being self-sufficient and facilitate the drive to expand the country's economic base.

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

Senior Executive Compensation

Position of Senior Executive	Year	Basic Salary Per Annum \$	Gratuity \$	Travel Allowances or Value of Assigned Motor Vehicle \$	Pension or Other Retirement Benefits \$	Other Allowances \$	Non-Cash Benefits \$	Total Per Annum \$
Director General	2016/17	7,423,416.00	1,801,800.00	140,000.00				9,365,216.00
Deputy Director General	2016/17	6,706,199.26	1,564,300.50	1,341,624.00				9,612,124.76
Director Legal Affairs	2016/17	6,444,917.76	1,500,882.75	1,341,624.00				9,287,424.51
Director, Shipping & Policy Research	2016/17	4,615,952.04		1,341,624.00				5,957,576.04
Director Safety, Environment and Certification	2016/17	8,272,619.09	2,024,788.06	1,341,624.00				11,639,031.15
Director, Corporate Services	2016/17	4,798,656.58	1,185,126.36	707,448.00				6,691,230.94

Notes on the Senior Executives Compensation Table:

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

Board of Directors' Compensation

Position of Director	Fees \$	Motor Vehicle Upkeep/traveling \$	Honoraria \$	All Other Compensation Cash Benefits as applicable (\$)	Total \$
Chairman	75,000.00				75,000.00
Board Member	54,000.00				54,000.00
Board Member	54,000.00				54,000.00
Board Member	45,000.00				45,000.00
Board Member	36,000.00				36,000.00
Board Member	54,000.00				54,000.00
Board Member	18,000.00				18,000.00
Board Member	18,000.00				18,000.00

FINANCIAL REPORT FOR THE YEAR ENDED MARCH 2017



MARITIME AUTHORITY
OF JAMAICA

FINANCIAL STATEMENTS
MARCH 31, 2017

MARITIME AUTHORITY OF JAMAICA
March 31, 2017

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INDEPENDENT AUDITORS' REPORT

1

To the Members of
MARITIME AUTHORITY OF JAMAICA

Report on the Financial Statements

Opinion

We have audited the financial statements of Maritime Authority of Jamaica ("the authority"), set out on pages 3 to 24, which comprise the statement of financial position as at March 31, 2017, statement of comprehensive income, statement of changes in accumulated fund and statement of cash flows for the year then ended, and notes comprising significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of Maritime Authority of Jamaica (the "Authority") as at March 31, 2017, and of its financial performance, and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

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

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibility for the Audit of the Financial Statements

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

DIRECTORS: DION G. STAPLE, FCCA, FCA; PATRICK GALBRAITH, ADII, FCA, B.SC.

To the Members of
MARITIME AUTHORITY OF JAMAICA

Report on the Financial Statements (Cont'd)

Auditors' Responsibility for the Audit of the Financial Statements cont'd

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

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

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

DGS Chartered Accountants & Business Advisors

October 2, 2017

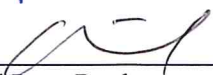
DGS Chartered Accountants and Business Advisors
6 Leinster Road, Kingston 5, Jamaica, W.I.

Statement of financial position
As at March 31, 2017

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
CURRENT ASSETS			
Cash and cash equivalents		106,277,101	57,472,844
Accounts receivable and prepaid expenses	3	37,880,720	20,157,163
Inventories	4	3,210,752	1,989,672
Taxation recoverable		<u>719,464</u>	<u>247,835</u>
		<u>148,088,037</u>	<u>79,867,514</u>
CURRENT LIABILITIES			
Bank overdraft	5	462,124	-
Accounts payable and provisions	6	<u>44,447,870</u>	<u>43,059,502</u>
		<u>44,909,994</u>	<u>43,059,502</u>
NET CURRENT ASSETS		103,178,043	36,808,012
NON-CURRENT ASSETS			
Property, plant and equipment	7	18,925,891	20,021,454
Investments	8	<u>99</u>	<u>99</u>
		<u>\$ 122,104,033</u>	<u>56,829,565</u>
ACCUMULATED FUND			
Accumulated surplus	Page 5	<u>\$ 122,104,033</u>	<u>56,829,565</u>

The financial statements, set out on pages 3 to 24, were approved by the Board of Directors on September 14, 2017 and signed on its behalf by:


 _____ Chairman
 Mrs Corah Ann Robertson-Sylvester


 _____ Director General
 Rear Admiral Peter Brady

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

MARITIME AUTHORITY OF JAMAICA

4

Statement of comprehensive income
For the year ended March 31, 2017

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
INCOME			
Subvention	9 (a)	164,313,999	160,636,825
Singapore income	9 (b)	11,422,494	6,554,781
Germany income	9 (c)	21,022,726	13,798,954
Service income		<u>142,318,184</u>	<u>91,276,927</u>
		<u>339,077,403</u>	<u>272,267,487</u>
EXPENDITURE			
Advertising and promotion		5,059,967	6,977,723
Audit fees		575,000	570,000
Bank charges		1,421,792	764,997
Board members fee		368,000	207,560
Cleaning and sanitation		660,844	684,137
Consultancy expenses		438,800	135,182
Courier services and transportation		2,069,454	1,261,168
Depreciation		5,169,031	4,536,401
Entertainment		58,372	78,556
Examination and certificates expenses		257,252	512,849
GCT irrecoverable		3,421,517	3,250,270
Grants and subscriptions		2,501,635	2,549,528
Generator expense		78,917	16,014
Impairment losses, net		1,866,585	787,868
Insurance		2,343,819	2,424,379
Licenses and permits		7,962,566	6,508,942
Long range identification tracking audit expenses		951,352	855,853
Long range identification tracking expenses		335,325	200,158
Membership expenses		10,013	484,340
Miscellaneous expenses		190,776	46,521
Motor vehicle expense		920,013	1,166,785
Overseas travel		4,289,272	4,983,611
Parking fees		702,960	777,710
Rental expense		13,173,902	12,273,815
Repairs and maintenance		4,208,212	690,824
Salaries, wages and related expenses	10	204,398,356	190,912,436
Seminar and training		11,347,693	9,823,845
Singapore expense		573,392	-
Stationery and office supplies		3,074,992	3,279,403
Surveillance audit		473,675	547,464
Telephone expenses		<u>2,612,055</u>	<u>2,818,063</u>
Total expenses		<u>281,515,541</u>	<u>260,126,402</u>
Operating surplus		57,561,863	12,141,083
Finance income	11	<u>7,712,605</u>	<u>5,412,790</u>
Net surplus, being total comprehensive income			
for the year	12	<u>\$ 65,274,468</u>	<u>17,553,875</u>

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

Statement of changes in accumulated fund
March 31, 2017

	Accumulated <u>surplus</u>	<u>Total</u>
Balance as at March 31, 2015	39,275,690	39,275,690
Net surplus, being total comprehensive income for the year	<u>17,553,875</u>	<u>17,553,875</u>
Balance as at March 31, 2016	56,829,565	56,829,565
Net surplus, being total comprehensive income for the year	<u>65,274,468</u>	<u>65,274,468</u>
Balance as at March 31, 2017	\$ <u>122,104,033</u>	<u>122,104,033</u>

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

Statement of cash flows
March 31, 2017

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net surplus	65,274,468	17,553,875
Adjustments to reconcile net surplus to net cash inflows from operating activities:		
Fixed assets adjustment	-	408,759
Depreciation	5,169,031	4,536,401
Interest income	(2,035,509)	(725,681)
	68,407,990	21,773,354
Changes in net current assets:		
Accounts receivable and prepaid expenses	(17,723,557)	(4,485,844)
Inventories	(1,221,080)	(57,544)
Accounts payable and provisions	<u>1,388,366</u>	<u>3,677,766</u>
Cash generated from operations	50,851,720	20,907,732
Interest received	2,035,509	725,681
Taxation withheld at source	(471,629)	(106,269)
Net cash inflows from operating activities	<u>52,415,600</u>	<u>21,527,144</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment, being net cash outflow from investing activities	(4,073,467)	(2,014,492)
Net increase in cash and cash equivalents	48,342,133	19,512,652
Cash and cash equivalents at the beginning of the year	<u>57,472,844</u>	<u>37,960,192</u>
Cash and cash equivalents at the end of the year	<u>\$ 105,814,977</u>	<u>57,472,844</u>
Cash and cash equivalents comprise:		
Cash and bank balances	8,625,324	3,055,186
Short-term deposits	97,651,777	54,417,658
Overdrafts	(462,124)	-
	<u>\$ 105,814,977</u>	<u>57,472,844</u>

Notes to the financial statements
March 31, 2017

1. The Authority

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

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

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

(a) Statement of compliance:

The financial statements, as at and for the year ended March 31, 2017 (reporting date), are prepared in accordance with International Financial Reporting Standards (“IFRS”) and their interpretations, as issued by the International Accounting Standards Board (IASB).

New, revised and amended standards and interpretations effective during the year

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

IAS 1, *Presentation of Financial Statements*, effective for accounting periods beginning on or after January 1, 2016, has been amended to clarify or state the following:

- Specific single disclosures that are not material do not have to be presented even if they are minimum requirements of a standard;
- The order of notes to the financial statements is not prescribed;
- Line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Line items can be aggregated if they are not material;
- Specific criteria are now provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI; and
- The presentation in the statement of OCI of items if OCI arising from joint ventures and associates accounted for using the equity method follows the IAS 1 approach of splitting items that may, or that will never, be reclassified to profit or loss.

Notes to the financial statements

March 31, 20172. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(a) Statement of compliance (cont'd)

New, revised and amended standards and interpretations effective during the year (cont'd)

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

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

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

Improvements to IFRS 2012-2014 cycle contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2017. The main amendments applicable to the Authority are as follows:

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

Notes to the financial statements
March 31, 2017

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

(a) Statement of compliance (cont'd)

New revised and amended standards and interpretations in issue but not yet effective (cont'd)

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

The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties.

The Authority will apply a five step model to determine when to recognize revenue, and at what amount. The model specifies that revenue should be recognized when (or as) an entity transfers control of goods or services to a customer at the amount at which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognize at a point in time, when control of goods and services is transferred to the customer, or over time, in a manner that best reflects the entity's performance.

There will be new qualitative disclosure requirements to describe the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

IFRS 16, *Leases*, which is effective for annual periods beginning on or after January 1, 2019, eliminates the current dual accounting model for leases, which distinguishes between on-balance sheet leases and off-balance sheet leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Authorities will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest, the total lease expense will be higher in early years of a lease even if and a lease has a fixed regular cash rentals. Optional leases exemption will apply to short-term loan leases and now value items with value of US \$5,000 or less.

Lessor accounting remains similar to current practice, as the lessor will continue to classify leases as finance and operating leases. Finance lease accounting will be based on IAS 17 lease accounting, with recognition of net investment in lease comprising lease receivable and residual asset. Operating lease accounting will be based on IAS 17 operating lease accounting.

Early adoption is permitted if IFRS 15, *Revenue from Contracts with Customers* is also adopted.

The Authority is assessing the impact that these amendments will have on its financial statements.

Notes to the financial statements
March 31, 2017

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

(a) Basis of preparation:

The financial statements are prepared on the historical cost basis.

(i) Functional currency

The financial statements are presented in Jamaica dollars, which is the Authority's functional currency.

(ii) Use of estimates and assumptions

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

The 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, and future periods, if the revision affects both current and future periods. The areas involving a higher degree of judgment in complexity or areas where there are significant assumptions or estimates are discussed below:

Allowance for impairment losses on receivables:

Management makes judgements about the indicators of impairment in determining the amounts to be recorded for impairment allowance on accounts receivable. Management considers whether there has been objective evidence that there may be a measurable decrease in the expected future cash flows from receivables, such as, default or adverse economic conditions. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(iii) Comparative figures

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

(c) Revenue recognition:

Revenue is recognized in the statement of comprehensive income when the Authority establishes a right to receive it and it can be reliably measured.

Subvention

Grants that compensate for operating expenses are recognised on the accrual basis.

Service income

Revenue from the provision of services is recognised as the service is provided.

Notes to the financial statements

March 31, 20172. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(d) Cash and cash equivalents:

Cash and cash equivalents comprise cash and bank balances, including short-term deposits and other monetary investments with maturity ranging between one and three months from the acquisition date, and other financial instruments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term commitments.

(e) Accounts receivable:

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

(f) Inventories:

Inventories are valued at the lower of cost, determined on the first in first out basis, and estimated net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated selling expense.

(g) Accounts payable:

Accounts payable are stated at amortised cost.

(h) Provisions:

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

(i) Property, plant & equipment:

(i) Owned assets

Items of property, plant & equipment are stated at cost less accumulated depreciation and impairment losses (see note 2j). Costs include all amounts incurred in taking the asset to its current location and condition. Subsequent expenditure is only capitalised when it is probable that future economic benefits will flow to the Authority.

The gain or loss arising on disposal of assets is the difference between the proceeds and the net carrying amount, and is recorded in profit or loss.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for separately.

Notes to the financial statements
March 31, 2017

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

(i) Property, plant & equipment cont'd:

(i) Owned assets (cont'd)

(ii) Depreciation

Depreciation is computed on the straight-line basis at annual rates estimated to write off the property, plant & equipment over their expected useful lives to their residual values as follows:

Lease improvement	2.5%
Computer equipment	20%
Equipment	20%
Furniture, fixtures and fittings	20%
Motor vehicles	20%
Software	33 1/3%

(j) Employee benefits

i. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Authority has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

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

Interest income:

Interest income is recognised on a straight-line basis in accordance with the terms of the transaction using the effective interest method.

Foreign exchange gains:

Foreign exchange gains are recognised from the translation of foreign currency into the functional currency at appropriate exchange rates.

Notes to the financial statements
March 31, 2017

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

(l) Impairment:

The carrying amounts of the Authority's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, an asset's recoverable amount is estimated at each reporting date.

An impairment loss is recognised whenever the carrying amount of an asset, or group of operating assets, exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Objective evidence that financial assets are impaired include default or delinquency by a borrower, restructuring of a loan or advance by the Authority on terms that the Authority would not otherwise consider, adverse changes in the payment status of the borrowers or issuers, indications that a debtor or issuer will enter into bankruptcy, or observable data indicating that there is measurable decrease in expected cash flows from the Authority's financial assets.

(m) Financial instruments:

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

(i) Recognition:

Management initially recognises financial assets on the trade date, which is the date that the Authority becomes a party to the contractual provisions of the instrument.

(ii) Derecognition:

A financial asset is derecognised when the contractual rights to the cash flows from the asset expire, the rights to receive the contractual cash flows on the financial asset are transferred in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Retained or created interest in transferred financial assets is recognised as a separate asset or liability.

A financial liability is derecognised when its contractual obligations are discharged, cancelled or expired.

Notes to the financial statements
March 31, 2017

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

(m) Financial instruments cont'd:

(iii) Classification

Management determines the classification of financial assets and liabilities at the time of acquisition and takes account of the purpose for which they were acquired.

Management classifies financial assets as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and include the Authority's trade receivables and cash and cash equivalents.

Trade receivables are initially recorded at the fair value of the consideration given including any transaction costs, and are subsequently measured at amortised cost.

The Authority considers trade receivables to be impaired when there is objective evidence of impairment as a result of one or more loss events that occurred after the date of initial recognition and the loss event has an impact on the estimated recoverable amounts of trade receivables that can be reliably estimated.

An impairment allowance is established if there is objective evidence based on observable data that management will not be able to collect all amounts outstanding.

Non-derivative financial liabilities are classified as other financial liabilities.

(iv) Measurement:

A financial asset or financial liability is measured initially at fair value, plus transaction costs that are directly attributable to its acquisition or issue.

Subsequent to initial recognition financial assets classified as loans and receivables are measured at amortised cost, using the effective interest method.

Subsequent to initial recognition non-derivative financial liabilities are measured at amortised cost, using the effective interest method.

(n) Foreign currency transactions:

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

Notes to the financial statements
March 31, 2017

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

(o) Related party

A related party is a person or entity that is related to the Authority.

(a) A person or a close member of that person's family is related to the Authority if that person:

- (i) has control or joint control over the Authority;
- (ii) has significant influence over the Authority; or
- (iii) is a member of the key management personnel of the Authority or of a parent of the Authority.

(b) An entity is related to the Authority if any of the following conditions applies:

- (i) the entity and the Authority are members of the same Authority (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Authority of which the other entity is a member);
- (iii) both entities are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Authority or an entity related to the Authority;
- (vi) the entity is controlled, or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

3. Accounts receivable and prepaid expenses

Accounts receivable and prepaid expenses represent:

	<u>2017</u>	<u>2016</u>
Trade receivables	27,908,333	14,494,137
Prepaid expenses	3,583,636	4,861,940
Other receivables	<u>11,768,957</u>	<u>4,314,704</u>
	43,260,926	23,670,781
Less allowance for impairment losses	<u>(5,380,206)</u>	<u>(3,513,618)</u>
	<u>\$ 37,880,720</u>	<u>20,157,163</u>

4. Inventories

This represents seafarer's certificate of competency on hand as at March 31, 2017.

Notes to the financial statements
March 31, 2017

5. Bank overdraft

This represents the book balance for one of Authority's bank account stated net of unrepresented cheques and late lodgements. The actual balance included on the bank statement as at March 31, 2017 is \$2,818,137.

6. Accounts payable and provisions

Accounts payable and provisions represent:

	<u>2017</u>	<u>2016</u>
Trade payables	5,676,655	5,297,011
Accrued vacation leave	20,932,646	19,985,346
Accrued gratuities	13,141,905	13,184,657
Other accrued expenses	2,607,865	2,503,689
Other payable and accruals	<u>2,088,799</u>	<u>2,088,799</u>
	<u>\$ 44,447,870</u>	<u>43,059,502</u>

Notes to the financial statements

March 31, 20177. Property, plant & equipment

	<u>Leasehold improvement</u>	<u>Equipment</u>	<u>Furniture fixtures & fittings</u>	<u>Motor vehicles</u>	<u>Computer software</u>	<u>Computer equipment</u>	<u>Total</u>
Cost:							
March 31, 2015	10,234,411	9,657,792	6,650,445	5,794,027	6,985,415	16,092,607	55,414,697
Additions	75,540	397,434	151,805	-	396,334	993,379	2,014,492
Disposal	-	-	-	-	-	(3,554,821)	(3,554,821)
Adjustment	-	-	-	-	(668,452)	-	(668,452)
March 31, 2016	10,309,951	10,055,226	6,802,250	5,794,027	6,713,297	13,531,165	53,205,916
Additions	-	390,403	131,234	-	1,002,149	2,549,682	4,073,467
March 31, 2017	<u>10,309,951</u>	<u>10,445,629</u>	<u>6,933,484</u>	<u>5,794,027</u>	<u>7,715,446</u>	<u>16,080,847</u>	<u>57,279,383</u>
Depreciation:							
March 31, 2015	844,075	5,129,341	5,237,954	5,794,024	5,252,299	10,204,882	32,462,575
Eliminated on disposals	-	-	-	-	-	(3,554,821)	(3,554,821)
Adjustment	-	-	-	-	(259,693)	-	(259,693)
Charge for the year	<u>256,018</u>	<u>1,220,551</u>	<u>532,114</u>	<u>-</u>	<u>740,855</u>	<u>1,786,863</u>	<u>4,536,401</u>
March 31, 2016	1,100,093	6,349,892	5,770,068	5,794,024	5,733,461	8,436,924	33,184,462
Charge for the year	<u>291,049</u>	<u>1,230,085</u>	<u>456,196</u>	<u>-</u>	<u>825,245</u>	<u>2,366,456</u>	<u>5,169,031</u>
March 31, 2017	<u>1,391,142</u>	<u>7,579,977</u>	<u>6,226,264</u>	<u>5,794,024</u>	<u>6,558,706</u>	<u>10,803,380</u>	<u>38,353,493</u>
Net book values:							
2017	<u>\$ 8,918,809</u>	<u>2,865,652</u>	<u>707,220</u>	<u>3</u>	<u>1,156,740</u>	<u>5,277,467</u>	<u>18,925,891</u>
2016	<u>\$ 9,209,858</u>	<u>3,705,334</u>	<u>1,032,182</u>	<u>3</u>	<u>979,836</u>	<u>5,094,241</u>	<u>20,021,454</u>
2015	<u>\$ 9,390,336</u>	<u>4,528,451</u>	<u>1,412,491</u>	<u>3</u>	<u>1,733,116</u>	<u>5,887,725</u>	<u>22,952,122</u>

Notes to the financial statements
March 31, 2017

8. Investments

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

9. Operating income

Operating income represents:

	<u>2017</u>	<u>2016</u>
(a) Subvention- Ministry of Transport and Works	154,056,690	150,903,161
Statutory deductions	<u>10,257,309</u>	<u>9,733,664</u>
	164,313,999	160,636,825
Service income	<u>142,318,185</u>	<u>91,276,927</u>
	<u>306,632,184</u>	<u>251,913,752</u>
Less: expenses		
Administrative costs	(281,515,541)	(260,126,402)
Finance income	<u>7,712,605</u>	<u>5,412,790</u>
	<u>(273,802,936)</u>	<u>(254,713,612)</u>
Surplus/deficit for the year	<u>32,829,248</u>	<u>(2,799,860)</u>
(b) Singapore income		
Singapore office	<u>11,422,494</u>	<u>6,554,781</u>
Surplus for the year	<u>11,422,494</u>	<u>6,554,781</u>
(c) Germany income		
Germany office	21,022,726	14,332,582
Less: expenses		
Agency fee	(-)	(533,628)
Surplus for the year	<u>21,022,726</u>	<u>13,798,954</u>
Net surplus for the year	<u>\$ 65,274,468</u>	<u>17,553,875</u>

10. Salaries and other related costs

Staff costs represent:

	<u>2017</u>	<u>2016</u>
Salaries and wages	108,710,015	101,895,900
Senior executive staff remuneration - salaries and wages	38,261,761	36,874,921
- gratuity	8,076,898	6,947,783
Employer contribution	10,257,309	9,733,664
Pension contribution	3,667,147	3,005,135
Motor vehicle upkeep allowance	19,847,788	18,233,650
Gratuities	8,879,700	8,195,642

Notes to the financial statements

March 31, 201710. Salaries and other related costs cont'd

Provision for vacation leave	947,300	1,573,155
Staff welfare	1,353,941	945,439
Meal allowances	3,809,809	2,939,609
Other staff costs	<u>586,688</u>	<u>567,538</u>
	<u>\$ 204,398,356</u>	<u>190,912,436</u>

11. Finance income

Finance income comprises the following:

	<u>2017</u>	<u>2016</u>
Interest income	2,160,989	1,102,834
Foreign exchange gain	<u>5,551,616</u>	<u>4,309,956</u>
	<u>\$ 7,712,605</u>	<u>5,412,790</u>

12. Net surplus

Net surplus is stated after charging:

	<u>2017</u>	<u>2016</u>
Depreciation	5,169,031	4,536,401
Impairment losses	<u>1,866,585</u>	<u>787,868</u>

13. Taxation

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

14. Financial instruments

(a) Fair value of financial instruments:

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

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

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

Notes to the financial statements

March 31, 201714. Financial instruments cont'd

(a) Fair value hierarchy cont'd

(iii) Fair value hierarchy

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

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

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

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

(b) Financial instruments risks:

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

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

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

(c) Credit risk:

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

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

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

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	106,277,101	57,472,844
Accounts receivables	<u>37,880,720</u>	<u>20,157,163</u>
	\$ <u>144,157,821</u>	<u>77,630,007</u>

Notes to the financial statements
March 31, 2017

14. Financial instruments (cont'd)

(c) Credit risk cont'd:

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

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

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

	<u>2017</u>		<u>2016</u>	
	Gross	Impairment	Gross	Impairment
0-30 days	7,122,987	-	1,682,822	-
Past due 31-60 days	2,656,488	-	975,026	-
Past due 61-90 days	8,577,557	-	5,661,426	-
More than 90 days	<u>9,551,301</u>	<u>(5,380,206)</u>	<u>6,174,863</u>	<u>(3,513,618)</u>
	<u>\$ 27,908,353</u>	<u>(5,380,206)</u>	<u>14,494,137</u>	<u>(3,513,618)</u>

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

	<u>2017</u>	<u>2016</u>
Balance at beginning of year	3,513,618	3,727,908
Increase/(reduction) in bad debt provision	<u>1,866,588</u>	<u>(214,290)</u>
Balance at end of year	<u>\$ 5,380,206</u>	<u>3,513,618</u>

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

	<u>2017</u>	<u>2016</u>
Increase/(reduction) in bad debt provision	1,866,588	(214,290)
Bad debts written-off	<u>-</u>	<u>1,002,158</u>
	<u>\$ 1,866,588</u>	<u>787,868</u>

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

Notes to the financial statements
March 31, 2017

14. Financial instruments (cont'd)

(d) Market risk:

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

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

(i) Interest rate risk:

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

As at March 31, 2017, the Authority had no significant exposure to this risk.

(ii) Foreign currency risk:

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

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

The net foreign currency financial assets in their nominal values at year end were as follows:

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	806,346	458,506
Accounts receivable	206,862	155,381
Accounts payable	(7,558)	(7,045)
	<u>\$ 1,005,650</u>	<u>606,842</u>

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

JAD

At March 31, 2017	\$ 128.67
At March 31, 2016	\$ 122.04

Notes to the financial statements
March 31, 2017

14. Financial instruments (cont'd)

(d) Market risk (cont'd):

(ii) Foreign currency risk (cont'd):

Sensitivity analysis

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

	<u>2017</u>	<u>2016</u>
10% Devaluation of J\$		
Gain on United States dollar (US\$)	\$ <u>12,939,698</u>	<u>7,405,900</u>
5% Revaluation		
Loss on United States dollar (US\$)	\$ (<u>6,469,849</u>)	(<u>3,702,950</u>)

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

(e) Liquidity risk:

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

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

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

(f) Cash flow risk:

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

(g) Operational risk:

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

Notes to the financial statements
March 31, 2017

14. Financial instruments (cont'd)

(g) Operational risk cont'd:

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

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

(h) Business risk:

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

15. Lease commitment

As at March 31, 2017, the Authority had lease commitments of \$2,073,371 which expires in April 2017.

Amounts charged to profit or loss as expense totalled \$13,173,902 (2016:\$12,273,814).

16. Related party

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

	<u>2017</u>	<u>2016</u>
Ministry of Transport and Works-subvention	164,313,999	160,636,825
Directors emoluments	<u>(52,552,603)</u>	<u>(43,822,704)</u>

17. Capital management

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