

MARITIME AUTHORITY OF JAMAICA



ANNUAL REPORT

For the year 2013-2014

VISION STATEMENT

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

MISSION STATEMENT

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

QUALITY STATEMENT

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

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

To achieve this, the MAJ has implemented a corporate-wide quality management system (QMS) in accordance with ISO 9001-2000, which shall serve to fulfill expectations, increase efficiency, establish controls and foster a culture committed to excellence. Through the application of modern technology, teamwork and the participation of our highly-trained and motivated staff in the use, monitoring and constant improvement of the QMS, the MAJ will provide superior services which consistently meet client expectations.

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BOARD OF DIRECTORS AND MANAGEMENT TEAM

BOARD OF DIRECTORS

Dr.	Peter-John Gordon	Chairman
Mrs.	Saundra Bailey	Member
Dr.	Kevin Harriott	Member
Dr.	Nadine McLeod	Member
Mr.	Kemel Allen	Member
Mr.	Robert Kinlocke	Member
Mrs.	Janice Miller	Member
Miss.	Valerie Simpson	Member
Rear Admiral	Peter Brady	Member
Mr.	Bertrand Smith	Secretary

MANAGEMENT TEAM

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

CHAIRMAN OF THE BOARD OF DIRECTORS' REPORT

The Maritime Authority of Jamaica (MAJ) recorded notable achievements during the 2013/2014 fiscal year as it pursued its dual mandate to develop and regulate shipping. Among these are the re-election of Jamaica to the International Maritime Organization (IMO) Council and the completion of the study to position Jamaica as a bunkering location in the Caribbean. Prospects for the increase in this activity are encouraging, considering the imminence of the Panama Canal expansion in early 2016. Re-election to the IMO Council is of strategic importance to the maintenance of the Country's profile as a maritime State, particularly in light of its pursuit of initiatives to establish a **Global Logistics Hub and Shipping Centre**.



In its second year of strategic oversight and direction of the MAJ, the Board has sought the timely meeting of its corporate governance obligations including the provision of up-to-date audits and annual reports and the updating and upgrading of the various human resource policies. Mindful of the Government's major thrust to capitalize on the expanded Panama Canal, the Board has also sought to ensure that priority is given to identifying and developing in Jamaica, services that are complementary to the shipping industry.

Another major achievement during the fiscal year was the partnership established with Mega Yacht Registration Services and the subsequent launch of the Mega Yacht Registry which has exceeded all targets set in terms of numbers of yachts coming onto the Register.

The Authority also continued the improvement of its financial performance. For the 2013/2014 financial year, revenue grew to \$221.68 million, an increase of \$15.78 million or 7.66% over the previous period, surpassing the revised budgeted revenue of \$217.08 million. Revenue from services stood at \$69.35 million, a 34.70% improved performance and 3.32% better than budgeted which is attributable to increased yacht registrations. Government Subvention of \$152.33 million accounted for the balance of the Authority's income for the period.

With careful oversight and tight resource management, the Authority's expenditure has been kept within budget and in line with revenue collections. During the 2013/2014 period, expenditure amounted to \$210.60 million, being 2% less than that budgeted. This resulted in an operating surplus of \$11.08 million

The performances of other key activity areas for the Fiscal Year are shown below.

Ship Registration Activities

Ship registrations increased during the year with the registration of 57 vessels, bringing the number of large and international vessels on the Register to 133 with 4 being achieved as a result of our marketing efforts in China. Additionally, 47 yachts were registered, including 45 mega yachts.

The total of 133 international vessels on the Register of Ships in the fiscal year to March 31, 2014, compares favourably with 83 in the previous year. The total gross tonnage was 212,519.

Vessel Safety

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

For the fiscal year 2013/2014, no Jamaican ship was detained which was due in part to the robust inspection and survey regime of the MAJ. Foreign registered container, bulk-cargo and cruise ships that call at Jamaican ports may be subject to inspections in order to ensure that they do not pose a threat to Jamaica's maritime safety, security and the marine environment on which our tourism product so heavily depends, as well as to meet our obligations under the Caribbean Memorandum on Port State Control (PSC). One hundred and fifty (150) PSC inspections were conducted on foreign vessels using Jamaican ports in 2013/2014. This represents a 6.38% increase over the comparative period last year. The MAJ has increased its efforts to meet the 15% inspection target stipulated under the Caribbean MOU.

The investigation of marine accidents/casualties that occur within Jamaican waters is also a primary responsibility of the Authority. For the fiscal year 2013/2014 there were eight (8) such investigations, a decrease by one (1) over the previous period showing a welcome trend of fewer marine accidents as more vessel handlers abide by the maritime safety regulations.

Examination & Certification of Seafarers

The oversight of training of seafarers at the Caribbean Maritime Institute (CMI) is the responsibility of the MAJ which has approved the CMI to conduct training in accordance with international certification standards consistent with the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW). Jamaica has been a signatory to this Convention since 1987. The Convention was recently amended at a Diplomatic Conference in the Philippines in June 2010 where the Director General of the MAJ officiated as Chairman of the Committee-of-the-Whole. In this regard the Authority establishes and monitors the standards for the training of seafarers, examines the seafarers and issues their Certificates of Competency which are internationally recognized.

The examination of CMI students for the issuance of Certificates of Competency saw six hundred and seventeen (617) examinations conducted. Although this represents an 11.7% decrease over the previous year, it was 40.23% more than the budgeted figure. The continued high throughput at the CMI has caused the MAJ to continue engaging the services of external examiners to augment the MAJ in-house technical staff for purposes of marking written examinations for Certificates of Competency.

Endorsement of certificates attesting to further training of professional seafarers stood at fifty one (51), a decrease of eleven (11) when compared to the previous period, while reciprocal endorsements of Certificates of Competency issued to foreign seafarers employed on Jamaican

flagged vessels were two hundred and twenty two (222). This was an increase over the previous year by 7.25% and some 85% more than what was projected for the period. Endorsements are valid for five years.

Annually, examinations are also conducted for boat handlers; those in the tourism watersports industry as well as persons who operate commercial and pleasure crafts, for the awarding of coxswain licences. A total of 100 new certificates were issued and 98 were renewed during the period.

Legislation

During the year Jamaica became a party to the International Convention on Maritime Salvage, 1989 and two *Protocol to the Convention for the Suppression of Unlawful Acts Against the Safety of Maritime Navigation* and the *Protocol for the Suppression of Unlawful Acts Against the Safety of Fixed Platforms Located on the Continental Shelf*.

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

International Maritime Organization (IMO)

Jamaica continues to be represented at the IMO by the MAJ. The IMO is the United Nations maritime counterpart of the International Civil Aviation Organization (ICAO). As indicated earlier, one very notable accomplishment during the period was Jamaica’s re-election to the IMO Council for the 2014-2015 biennium. Jamaica was among the 40 successful member States re-elected. The team led capably by the Hon. Dr. Morais Guy Minister without Portfolio in the Ministry of Transport, Works and Housing (MTWH), with prior support from the Ministry of Foreign Affairs and Foreign Trade (MFAFT), was able to garner sufficient support from Member States for Jamaica’s re-election. Another achievement for the country was the re-appointment of the Director General to the Board of Governors of the World Maritime University (WMU) for another two years. To date Jamaica has had 28 graduates from the WMU serving in both the public and private maritime sector including at the PAJ, CMI and the MAJ.

Conclusion

The Authority returned a creditable performance during the period with increased revenues and success in the registration of mega yachts that surpassed expectations. The local yachting fraternity is regularizing the status of their vessels. Adjustments to the Shipping Act and new regulations have been made to attract the local pleasure craft owners to the Jamaican Ship Registry.

The Authority reported a net surplus of \$15.86 million surpassing the previous year by \$4.54 million. It is projected that the Authority will earn \$78 million from fees and receive subvention of \$147 million totaling \$225.8 million in revenue during the fiscal year 2014/2015. This will be only \$4 million above this year’s performance; however the service income is projected to be increased by \$9 million while the subvention from the Consolidated Fund is projected to be reduced by \$5 million.

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

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

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

Peter-John Gordon, Ph .D.
Board Chairman

DIRECTOR GENERAL'S REPORT

During the 2013/2014 fiscal year the Maritime Authority of Jamaica was called upon to devise effective strategies to achieve its planned activities while responding to *ad-hoc* developments in the regulatory environment which demanded reallocation of its limited resources.

In our quest to grow and to diversify the vessels in the Jamaica Ship Registry (JSR) greater focus was placed on the registration of yachts. These efforts have borne fruit and we have seen an uptick in the number of mega-yacht registrations which has contributed to an increase in revenue.



More ships have come into the Local Trade regime particularly to support the bunkering industry. This Bunkering activity will also serve the shipping traffic that is expected to increase in 2016 when the expanded Panama Canal is commissioned and our Logistics Hub activities are projected to commence in earnest. Our Port State Control targets were met as our inspectors and surveyors placed special emphasis on marine pollution prevention observance by visiting foreign ships to our ports. We have also continued to strengthen our quality standards to ensure consistent process management and continuous improvement.

Dilemma with Personal Watercraft (PWCs)/Jet Skis

By the second quarter of the year, there were no fewer than four (4) Jet Ski accidents resulting in injuries and two fatalities. Under normal circumstances, the MAJ would carry out its statutory responsibility to conduct an enquiry or investigation into a marine incident or accident which also involves Personal Watercraft (PWCs) or Jet Skis. Given the implications for the Country's tourism industry, however, the involvement of the MAJ went beyond the investigation of the casualties. The MAJ played an integral and lead role on the National Task Force established by the Ministry of Tourism and Entertainment to develop a framework of improved measures to enhance the safety of the Jet Ski operations not only within the industry, but also for recreational activities in the country at large. Several stakeholder meetings were held with government agencies, the visitor accommodation sector and owner/operators of PWCs. Specially designed training modules were developed by the MAJ and training was delivered to owners and operators of Jet Skis. Amidst a general ban on all Jet Ski operations, private and commercial, the MAJ worked closely with other members of the Task Force, and expended a large amount of resources in formulating an improved regulatory framework.

Nautical Tourism/New Regime for Pleasure Craft

The pleasure craft sector came in for additional focus as the MAJ rolled out its plans to promote nautical tourism in Jamaica. Following the approval of Cabinet in 2012 for the implementation of a new regime for yachts to enhance the attractiveness of the Jamaican flag to owners of yachts domiciled in Jamaica, legislation was passed in October 2013 for the replacement of Customs and related charges on yachts which arrive in Jamaica on their own 'bottoms' (that is, not imported as cargo on board another ship), with an annual fee. Meetings were held with the local

pleasure craft owners to sensitize them and to provide guidance on the implementation of the new regime.

Implementation also involved collaboration with the Customs Agency to streamline processes for the registration of those yachts domiciled in Jamaica which qualify for the registration under the new regime as well as the implementation of the “cruising permit” regime for foreign registered yachts. Several locally domiciled yachts have since regularized their status and we are expecting, as confidence in the new regime increases, more pleasure craft owners will come onboard.

Island-wide Survey of Boats/Identification of Wrecks

In December 2013, the MAJ contracted the services of a consultant marine inspector for a limited period to supplement its capacity and to facilitate the conduct of an island-wide survey of pleasure craft domiciled in Jamaica. This was an important strategy in supporting the implementation of the new pleasure craft regime as it would identify the number of foreign registered and unregistered pleasure crafts around the Island as well as those bearing Jamaican registration, and thus place the MAJ in a better position to determine and target the vessels for registration or issuance of a cruising permit. The survey although not exhaustive, also included the identification of some wrecks to support our regulatory activities. Under the Shipping Act, the Authority has the statutory responsibility for the identification and eventual disposal of wrecks.

Mega Yacht Registrations

In eleven months over 43 foreign owned mega yachts were registered under the Jamaican flag, largely attributable to the marketing efforts of our overseas representatives. The process of speedy registration is greatly facilitated through the efforts of SPECTRUM Management Authority which issues the Maritime Mobile Station License (radio licenses) within 24 hours.

Local Trade Activities

Bunkering operations in Kingston Harbour and approaches saw an increase of 25% in Local Trade activity with the arrival of new companies. One of the major limitations to the expansion of the bunkering industry is the availability of bunker fuel to meet the growing demand. This situation must improve if the targeted growth projected in the formal bunkering study is to take place and Jamaica is to become more competitive.

Port State Control

As a member of the Caribbean Memorandum of Understanding on Port State Control, the MAJ conducts inspections on foreign ships that call at our ports to ensure that they are in compliance with the international and national rules and standards of safety, security and pollution prevention. Keeping sub-standard ships out of our waters minimizes the risks of accidents and pollution incidents which can cause severe damage to our coasts and beaches. We also observe the provisions of the Maritime Labour Convention (MLC) 2006 which protects the rights of seafarers on board ships, although Jamaica is not yet a party to the MLC.

Legislation

The much anticipated entry into force of the MLC in August 2013 heralded what is widely considered as the long overdue fourth pillar in the global regulatory framework for shipping. This complements: (1) the International Convention for the Safety of Life at Sea, 1974 (SOLAS) for the safety of ships, (2) the International Convention for the Prevention of Pollution by Ships 1973 as modified by the Protocol of 1978 relating thereto (better known as MARPOL 73/78) which addresses prevention of marine pollution from ships, and (3) the International Convention on the Standards of Training, Certification and Watchkeeping for Seafarers 1978 as modified (STCW) which provides training standards for crew. Touted as the seafarers' "Bill of Rights", the provisions of the MLC seek to ensure minimum standards for the living and working conditions of seafarers onboard ships and provide the 'human face' to the standards of international shipping.

Jamaica had implemented measures to ensure Jamaican ships are prepared for entry into force of the MLC and a consultant was contracted to prepare draft legislation incorporating the provisions of the MLC and by extension effecting the necessary amendments to the Shipping Act and regulations thereto. Some setback was experienced in the finalization of the legislation however as the capacity of the Office of the Parliamentary Counsel (OPC) has since been reduced with the departure of the officer who was assigned to review the draft legislation. A strategy will be discussed with the OPC as to how to move forward on this and other critical maritime legislation that are currently at the OPC.

Training

Under the sponsorship of the IMO, United Nations Environment Programme (UNEP) and with cooperation from the Regional Marine Pollution Emergency Information Training Centre (REMPEITC) the MAJ hosted a Regional Workshop on MARPOL Annex VI Air Pollution and Green House Gas (GHG) Emissions from International Shipping for the Wider Caribbean Region in February 2014. This event which had participants from the countries of the Wider Caribbean Region including Cuba and Panama was the first of its kind held in this Region with the purpose of introducing the requirements for stricter controls on emissions of Sulphur Oxides (SOx), Nitrogen Oxides (NOx) and particulate matter for ships trading in the region.

Projections 2014/2015

The 2014/2015 fiscal year will see continued efforts towards self-sufficiency while supporting and facilitating the drive to expand the Country's economic base through the establishment of a wider array of maritime activities, thereby increasing the standing of the maritime sector as a driver of the Jamaican economy. Areas of focus for the period will continue to include:

1. Increasing the number of vessels registered under the Jamaican flag. This will contribute to the ongoing efforts at self sustainability as well as support the development of Jamaica's Shipping Centre activities.
2. Promoting and facilitating the development of Jamaica as a Shipping Centre through the implementation of the recommendations of the study, **Positioning Jamaica as a Shipping Hub**, particularly as it pertains to the conduct of sector specific study in dry-docking and crewing.

3. Continued strengthening of the legal framework for the regulation and development of the maritime sector. Priority areas will include the promulgation of the MLC 2006 amendment legislation and the marine pollution legislation which is vital for the implementation of the legal regime relating to the protection of our fragile marine environment from vessel source pollution and to provide for the necessary compensation and liability in the event of a catastrophe.
4. Efforts will be renewed to address the matter of income for the Authority to support the non-income generating aspects of its mandate and to ensure its financial self-sustainability.
5. Intensifying regulatory activities to ensure that ships operating in Jamaican waters or Jamaican ships worldwide operate in accordance with international standards of maritime safety, security and pollution prevention standards.
6. Expanding the oversight of maritime training activities in order to support the CMI's effort at ensuring the continued quality of Jamaican seafarers.
7. Continue to provide training and development assistance to our CARICOM partners as required.
8. Increased efforts to recruit at least one marine engineer surveyor to supplement the Team in order to meet our current operational and policy needs.

It has been another eventful year but one in which the Authority has made great strides in discharging both its regulatory and developmental mandate. This would not have been possible without the support of the dedicated team of professionals whom I have the honour to work alongside. I take this opportunity to commend the staff for the support extended throughout the year and for the achievements registered, despite the challenges. I also want to express my appreciation to the Board of Directors, for their guidance, support and encouragement.



Rear Admiral Peter Brady
Director General

JAMAICA SHIP REGISTRY (JSR)

The JSR is that arm of the Directorate of Shipping Policy and Research (DSPR) engaged in administering the registration of ships, the welfare of seafarers and matters pertaining to the engagement of foreign vessels in local trade activities in Jamaica.

The marketing of the JSR has proven successful during the fiscal year 2013/2014 as vessel registration increased by 45.45% over the previous period. This was primarily due to an agreement reached with Mega Yacht Registration Services (MYRS) to represent the JSR in providing registration services to mega yacht owners. A ‘soft’ launch without fanfare, was held in March 2013, by the Fort Lauderdale based MYRS, to allow Yacht owners to become aware of the JSR and the Jamaican flag. A similarly ‘soft’ presentation at the Triton Expo on April 10, 2013, received much positive feedback from Yacht managers. At the launch some eleven Yacht owners gave a verbal commitment to register with the JSR while others committed to responding after doing their own necessary due diligence.

The “DONA LOLA” was the first Mega Yacht to be registered under the Jamaican flag from the arrangement with MYRS and joined the JSR in May, 2013. As at March 31, 2014, a total of 43 Yachts were registered by MYRS accounting for the bulk of the 69 large and international Pleasure Craft on the Register of Ships.

In October 2013, the JSR commenced registration of Pleasure Crafts (Yachts) domiciled in Jamaican waters under the new regime borne out of the collaboration of the MAJ, Jamaica Customs, Ministry of Finance and Planning and Yacht Owners. Since the commencement of registration, a total of six vessels have been registered. The lag in registration of vessels is as a result of the absence of effective enforcement which would have forced owners to either register or pay a cruising permit while in Jamaican waters. Enforcement measures will be strengthened with cooperation from the Jamaica Defense Force Coast Guard and the Jamaica Constabulary Force Marine police.

The operation of personal water crafts, more so Jet Skis, have come under tight regulations over the period inclusive of a temporary ban on these crafts due to incidents resulting in the death of two persons. All operators of Jet Skis, whether for private or commercial purposes, are required to hold a Certificate of Competency issued by the MAJ. More importantly however, all Jet Skis are now required to be registered as a Private Personal Water Craft, a Commercial Personal Water Craft or a Special Service Vessel; in each case, being distinctly marked and easily identifiable by respectively, a yellow, red or blue decal. The MAJ has issued a number of press releases on the subject over the period, facilitated a number of interviews and sensitized the respective law enforcement agencies on the matter. During the month of February 2014, the MAJ visited three locations where there is a high concentration of Jet Skis (Montego Bay, Negril, and Ocho Rios) to facilitate the registration of these vessels. Port Royal was also visited during this island-wide campaign. A total of Seventy-Eight (78) Decals have been issued which include fifty two (52) Pleasure Crafts, three (3) Special Vessels and twenty three (23) Commercial Crafts.

The Authority continues its efforts to strategically maintain a presence in the marketplace where shipping relationships can be established and therefore the decision to retain existing Deputy Registrars (DR) and appoint new ones only in exceptional circumstances pending finalization of a position with respect to the structure of the Registry. All DR contracts have been reviewed, updated and renewed for another contract term. Ukrainian Marine Lawyers, DR for Ukraine; IBS China, DR for the east coast China and Taiwan; MYRS, DR for the Caribbean, Mediterranean and United States of America, are the only remaining active Deputy Registrars.

Mr. Shujia Tang, Marketing Representative of the JSR in China, was invited to Jamaica to meet with the management team of the JSR and MAJ. This invitation was accepted and he and his wife arrived Jamaica on March 3, 2014 for a two day visit.



Mr. Tang (right) being hosted at the MAJ's offices by the Director General, Rear Admiral Peter Brady, and Deputy Director General, Mrs. Claudia Grant, on March 4, 2014

As part of Jamaica's delegation, headed by the Hon. Minister of Industry, Investment and Commerce, the Acting Director Shipping Policy and Research attended the first (Latin America) LATAM Ports and Logistics Summit in Panama, at the invitation of the Embassy of Panama. The opportunity was taken to meet with Francisco Guardia of Qvalitas, the Marketing Representative of the JSR in Panama, during the period March 25-26, 2014.

Issues affecting the positioning of the JSR in the market and strategies for the way forward were discussed.



Mr. Seymour Harley, Director Shipping Policy and Research, meets with Francisco Guardia JSR Marketing Representative in Panama.

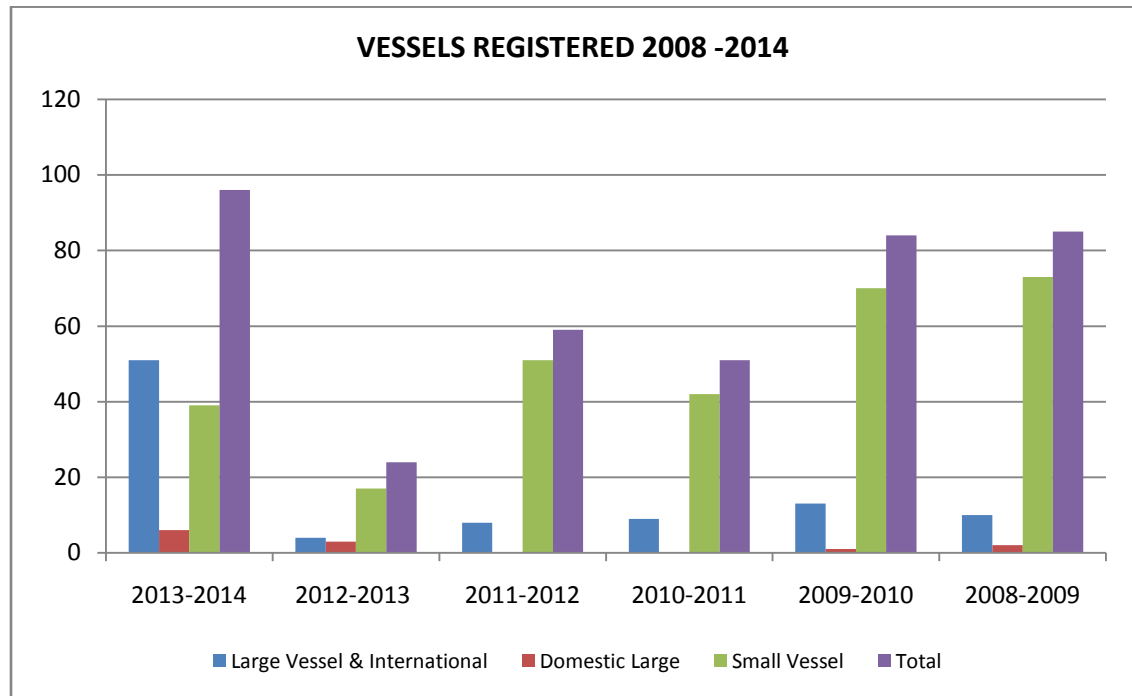
The registration of vessels has increased significantly over the reporting period which is attributable to the marketing effort of MYRS and the resulting registration of Mega Yachts. The JSR is however still pursuing the registration of large international vessels and is therefore seeking to finalize a marketing model.

Registration Activity

The number of large and international vessels registered for the first time exceeded the number of domestic small vessels by 260% within the reporting period. A total of ninety six (96) vessels were registered which included fifty one (51) large and international vessels, six (6) domestic large vessels and thirty nine (39) small vessels, to reverse the trend of decreasing registrations which began in the 2010/2011 financial year.

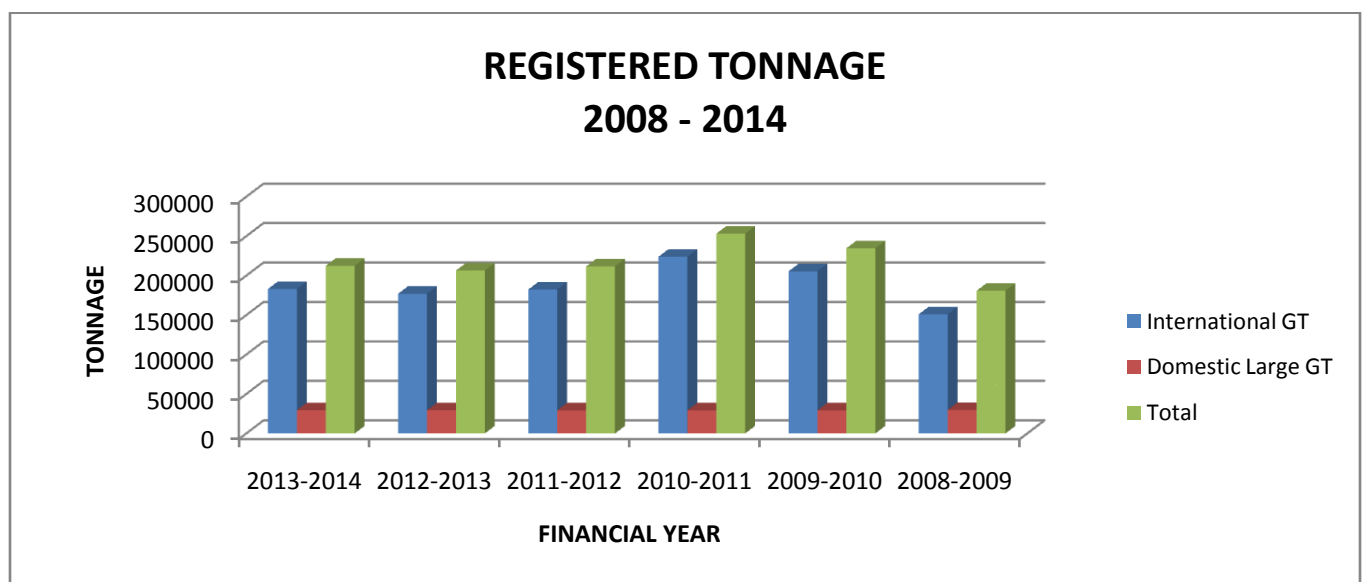
The number of domestic small vessels registered during the period totaled thirty nine (39) resulted in a 129% increase thus reversing the decline over the previous period. This turn-around may be explained in the new provisions governing pleasure craft as well as the stipulation for registration of Personal Water Crafts.

The graph below shows the trend of registrations since 2008.



It was also noted that there was a 3% increase in the total tonnage on the register. Although this is not a significant increase when compared to the number of vessels registered, it represents a break in a trend of declining tonnage which began after 2010/2011. As at March 31, 2014, the total tonnage on the Register stands at 212,519gt.

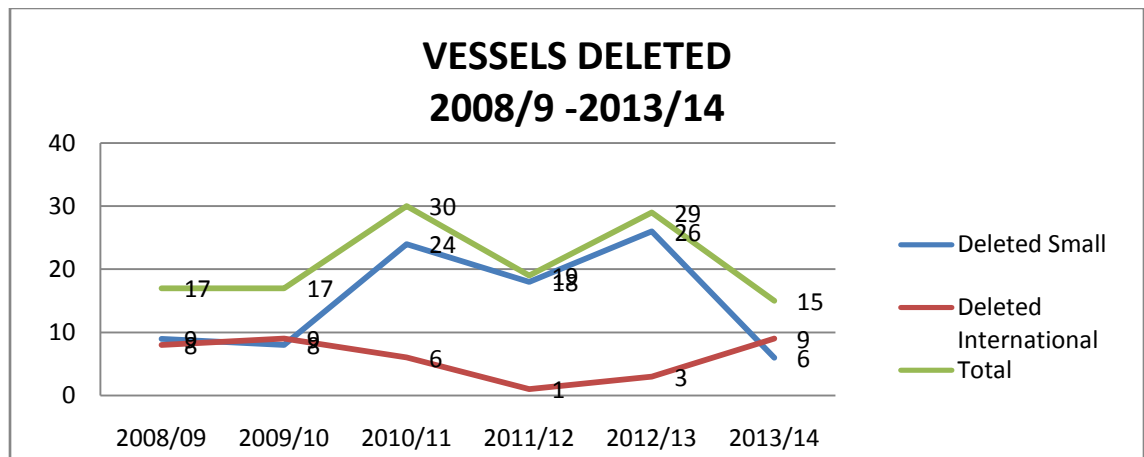
The graph below depicts the trend in total tonnage on the register at the end of each financial year beginning 2009/2010.



The JSR continues to register domestic fishing vessels and it was projected that 80% of the fishing fleet would have been registered in the year, providing the new fishing legislation was passed. However the Draft Fisheries Bill has not yet been promulgated.

The JSR had nine (9) International and six (6) small vessels deleted during the fiscal period. This represents 50% fewer deletions than the previous period. One measure of satisfaction for Ship Owners with a flag is the retention rate of vessels registered. Not to be discounted however, are “the other” issues impacting the decision of an Owner to retain a vessel or change flag, such as the sale of a vessel which normally is flagged according to the preferences of the new owner or mortgage company. De-registrations are otherwise undertaken by the JSR in the best interest of the Jamaican Flag where vessels are found to represent a threat.

The graph below highlights the trend in deletions experienced by the JSR since 2008/2009.



Seafarer Welfare

The Registrar of Seafarers is assigned the role of handling matters relating to the engagement and welfare of Jamaican seafarers. One method of achieving this is by the development of an operational framework within the DSPR for which the welfare of seafarers governed by the Shipping Act will be provided. This framework is still in its developmental stage.

The Authority has been working at becoming a party to the Maritime Labour Convention (MLC), 2006 thus formalizing its commitment to the welfare of Jamaican seafarers. The MLC came into force in August 2013 and was dubbed the “Bill of Rights for Seafarers”, as it serves to protect the rights and welfare of the Seafarer. The Convention represents a significant progress in the recognition of seafarers’ roles, functions and the need to ensure that their welfare and well-being are protected. The Government of Jamaica has given its approval for accession to the Convention and legislation in this regard has been drafted to incorporate the Convention into national legislation. The legislation is expected to be finalized and promulgated in the new financial year.

The International Maritime Organization (IMO) recognizes June 25 annually as the “Day of the Seafarer” and is being observed for the third year. The theme for the year was “Faces of the Sea”, which aimed to highlight the individuals who are often unseen, but who work to deliver more than 90% of world trade. To commemorate the day, the Authority ventured into the social media landscape with a Face Book page being officially launched by the Registrar of Seafarers. Consistent with the theme, the page served to underscore the unique role played by seafarers in sustaining international trade. It is being used in addition, as a means of informing Seafarers as well as receiving their enquiries.

SHIP INSPECTION AND SURVEYS

The Authority is charged with the responsibility to protect the safety of life and property at sea, as well as to protect the marine environment, consistent with prudent and responsible development of Jamaican shipping. This is achieved through the Directorate of Safety, Environment and Certification (DSEC) by means of the survey and inspection of vessels for maritime safety and pollution prevention measures, examination and certification of seafarers and the investigation into accidents and casualties at sea.

Port State Control Inspections

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

For the reporting period one hundred and fifty (150) inspections were conducted. This was nine (9) more inspections than the previous year and the highest since 2010-11. This increase was primarily due to higher priority placed on inspecting vessels calling at the Jamaican ports. Five (5) ships were detained due to serious safety deficiencies and sub-standard conditions onboard.

The period comparisons are as follows:

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

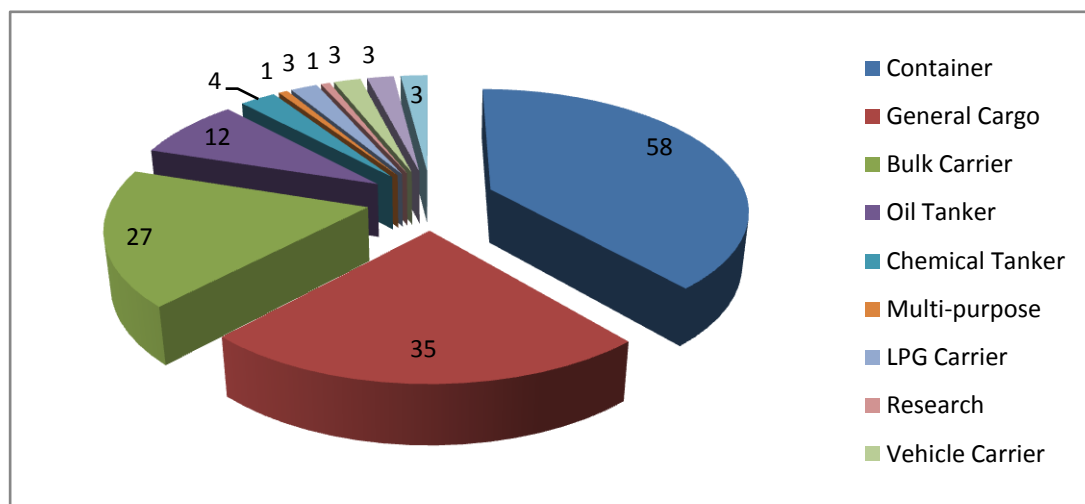
Over the reporting period, sixty two (62) ships had a total of two hundred and three (203) deficiencies. This is an increase of twenty four (24) more ships and sixty two (62) more deficiencies found over the previous reporting period.

The five (5) ships that were detained had deficiencies in the categories below:

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

Various types of ships were inspected with the container type being the largest number, as shown in the pie chart below.

Types of Ships Inspected



The Caribbean Maritime Information Centre (CMIC) database is continuously updated by inspectors as they conduct their Port State Control inspections. The Caribbean Memorandum of Understanding (CMOU) on PSC has acquired a new database known as Caribbean Maritime Information System (CMIS) and Jamaica will be transmitting to the new database in the ensuing financial year. The CMIS will have additional features to assist PSC inspectors in targeting ships and the sharing of data with other MOUs and related international agencies.

It should be noted that Jamaica exceeded its minimum of 15% inspections as required by the CMOU on PSC in the calendar year 2013.

Flag State Inspections

The Authority conducted Twenty Two (22) Flag State Inspections on Jamaican registered vessels located at home and abroad. This is an increase over the previous financial year by Ten (10). Four (4) International Ship and Port Facility Security Code (ISPS Code) audits were also conducted.

The table below shows the last eight years' inspections:

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

Local Trade Inspections

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

Over the last financial year, thirteen (13) such inspections were done. This is an increase of three (3) over the previous year.

The table below shows the last five years inspections:

<u>Period</u>	<u>Target</u>	<u>Actual</u>
2009/2010	12	26
2010/2011	12	13
2011/2012	10	9
2012/2013	10	10
2013/2014	8	13

Small Vessel Safety Inspections

Small vessels include vessels used in the local tourism water sports industry as well as commercial fishing vessels and private pleasure crafts. During the period one thousand one hundred and seventy three (1,173) small vessels were inspected. This is a decrease of eighty one (81) vessels over the corresponding year reflecting a decrease of 6.45%. This programme is very important in protecting the safety of locals' and foreign visitors in Jamaica's maritime industry.

In summary, 1,173 vessels (new and renewals) were inspected, of which 805 were non-motorized and 368 were motorized.

The table below shows Inspections done over the past seven years.

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

Marine Casualty Investigations

A total of Eight (8) marine casualty investigations were carried out for the reporting period, a decrease of one (1) over the previous year. They were:

- Jet Ski XTL 800 collision with berthing dolphin in Ocho Rios June 20, 2013. Injury to the operator, no deaths.
- M/T Star Balboa ran aground in Kingston Harbour on August 10, 2013
- Jet Ski struck swimmer at Ocho Rios Beach on August 17, 2013. One swimmer died.
- Jet ski collided with a kayak at Couples Swept Away, Negril on August 21, 2013. One kayak passenger sustained major injuries.
- Jet Ski collision in Negril on February 28, 2014. One swimmer died.
- A Tug collided with jetty in Ocho Rios.
- M/T Star Taurus & M/V Capricania Gas collided in Montego Bay on February 17, 2014.
- SFV Juicy & fishing canoe collided in the south channel, Kingston. Harbour. one fisherman drowned.

Certification & Licensing of Seafarers

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

For the 2013/2014 financial year, the following activities were conducted:

- STCW Certificate of Competence (COC) revalidated – 29
- STCW COC, new issued – 66
- Endorsements attesting to further training – 51

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

Examination for the Issuance of COC

During the financial year, six hundred & seventeen (617) examinations were conducted for CMI students and other candidates in a range of subject areas. The areas covered were:

- Engineering
- Navigation
- Maritime law

The examinations conducted for COC over 7 years are shown in the table below:

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

The 2013/2014 period shows a reduction by 82 in examinations conducted, however, the target of 440 examinations was surpassed by 177. The Authority continued to ensure that adequate resources are in place to handle the magnitude of examinations as well as increasing the PSC inspections for the 2014/2015 period; external examiners were contracted to augment the in-house examiners. However PSC inspections can only be conducted by MAJ appointed surveyors or inspectors.

Reciprocal Recognition Endorsements

The Authority has formal agreements with several countries for reciprocal recognition of seafarer certification issued by their respective Administration and the MAJ. This facilitates recognition and endorsement of certificates of seafarers employed on Jamaican ships who were not trained in Jamaica. During the financial year, two Hundred and twenty two (222) Reciprocal Recognition Endorsements were issued to foreign seafarers engaged onboard Jamaican registered ships and Jamaican seafarers trained abroad. This is 15 or 7.24% more than that which was issued during the corresponding period last year.

Endorsements issued over a 7 year period are shown below:

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

Coxswain Licenses

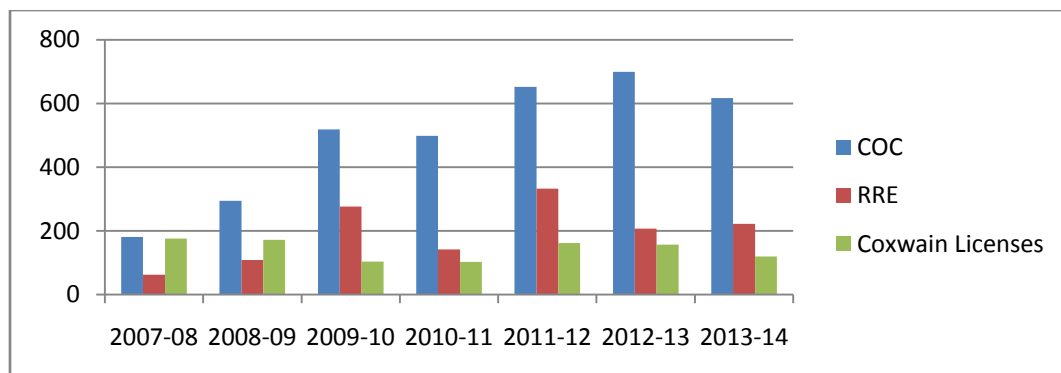
The Authority also tests and issues local boat handlers with coxswain licenses. For the year, one hundred and twenty (120) Coxswain licenses were issued to boat handlers. This is a decrease of thirty seven (37) when compared with the previous year.

A total of seventy one (71) coxswain exams were conducted over the reporting period.

Coxswain licenses issued since 2007 are shown below:

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

The Certification issued over the years are represented below:



Long Range Identification and Tracking (LRIT)

This system is fully operational. Jamaica has joined with Belize, Dominica and Guyana to form a Regional Data Centre (RDC) with the intention of reducing the annual audit fee charged by the LRIT Coordinator (IMSO). The fees are shared evenly among the four member States. The RDC came into effect in January 2014.

DEVELOPING JAMAICA AS A SHIPPING CENTRE

The development of Jamaica as a Shipping Centre as part of the National Development Plan Vision 2030 is still being pursued by the MAJ. The project includes the creation of a shipping centre, short sea shipping, and growing of the shipping fleet. With the assistance of the Commonwealth Secretariat, a formal study was conducted in 2010. It noted the importance of the shipping industry as a significant contributor to the country's economy and it was proposed that the development commenced with what is termed "Stage 1 Maritime Cluster" which would be the nucleus or starting point of the maritime hub. This stage would embrace three elements: dry docking, bunkering and crewing.

During the 2012/2013 period, the Commonwealth Secretariat sponsored the study which position Jamaica as a Bunkering location. The study's final report was presented in April 2013 and one of the main recommendations is to "Establish a central coordinating body for bunkering development."

The other aspect of Stage 1 Maritime Cluster, is to develop the dry docking aspect of the proposed Shipping Centre. Facilitated by the Development Bank of Jamaica, the Authority made a presentation to the World Bank with a view to securing funding to conduct a study to establish dry docking facilities in Jamaica, however this did not materialize. In collaboration with the Logistic Task Force the Terms of Reference for the dry docking project was submitted among the projects to be considered by that entity to be among the projects to be approved, however, again this did not take place. Efforts are continuing with the PIOJ for further consideration by the World Bank as well as the Commonwealth Secretariat for funding the study. Notwithstanding, efforts have been made in tandem, to identify potential investors who have requested some basic information relative to the potential for such facility (market, government role, advantage to Jamaica etc.) which would be produced by the study.

OTHER ACTIVITIES

Maritime Training

The oversight activities regarding the training of seafarers under the International Convention governing the training and certification of seafarers (STCW) continued during the period under review. This was done by means of the annual Administrative Audit of the CMI and the established monitoring programme.

Legislation

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

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

- After Cabinet approval was obtained for Jamaica's accession to the Maritime Labour Convention 2006 drafting instructions were prepared and several meetings held with the consultant to finalize the draft legislation (The Shipping (Amendment) Act, 2003 and Shipping (Maritime Labour Convention) (Miscellaneous) Regulations, 2013 which was subsequently submitted to the Office of the Parliamentary Counsel (OPC).
- Drafting instructions for the following legislations are before the OPC:
 - Legislation to incorporate the International Convention for the Control and Management of Ships' Ballast Water and Sediments, 2004.
 - Legislation to introduce the new regime for pleasure craft.
- Drafting instructions were prepared in relation to the following legislations:
 - Shipping Fees (Amendment) Regulations, 2014
 - Shipping (Ports of Registry) Order, 2013
 - The second Shipping (Registration of Ships) Regulations, 2014
- The promulgation of the Shipping Fees (Amendment) Regulations, 2014
- Drafting of a Cruising Permit for pleasure crafts to cruise in Jamaican waters and the Application Form to obtain such a permit.
- Drafting Instructions for the incorporation of the Manila Amendments to STCW '78 as amended were sent to the OPC.

The Regulation of Personal Water Craft (Jet Ski)

The period was very eventful due to the incidences surrounding the Jet Ski operations.

The Director Legal Affairs attended meetings of the inter-agency committee tasked with the regulation of Jet Skis and provided advice in relation to the legal framework for the safe operation of these craft in Jamaica.

MARPOL 73/78

In partial fulfillment of the obligations under MARPOL 73/78 to provide adequate reception facilities for ship generated waste, the Director continues to chair the interagency committee comprised of National Environment and Planning Agency, Port Authority of Jamaica, Ministry of Health, University of the West Indies and National Solid Waste Management Authority. Two meetings of the Committee were held as well as meetings with agents, and end-users.

The Director Legal Affairs facilitated the hosting of a Regional Workshop on MARPOL Annex VI in February 2014 and had meetings with the IMO and other stakeholders in relation to Jamaica's Lead Pilot Country Status under an IMO GEF greenhouse gas emissions project.



Group of attendees to the Regional Workshop on MARPOL Annex VI held in February 2014

Ballast Water Management Convention (BWM), 2004

The National Ballast Water Strategy was reviewed, finalized and adopted by the National Task Force chaired by the Director, Legal Affairs. The National Assessment on Ballast Water Management was also reviewed and finalized.

International Convention of Salvage, 1989

The approval of Cabinet was obtained for accession to the Salvage Convention and the instrument of accession was submitted to the IMO.

New Yacht Fees Regime

Legislation was passed in October 2013 for the payment of an Annual Fee by yachts domiciled or sailing for permanent stay in Jamaica, instead of fees and levies normally applied by the Customs Department. Meetings were held with the local Pleasure Craft sector to sensitize them of the provisions of the legislation and to give guidance on its implementation. The legislation, which was the culmination of a number of years of the collaborative effort of the Maritime Authority, the Jamaica Customs, the Ministry of Finance and Yacht Owners, was well received. The legislation also introduced a Cruising Permit for vessels not able to, or interested in, registering in Jamaica.

International Maritime Organization Activities

- The Director General was re-appointed to the Board of Governors of the World Maritime University (WMU) for a further period of two years, in March 2014. The University has graduated 28 Jamaicans so far most of who are employed in Government institutions and statutory bodies, with some graduates employed in a maritime related field in the private sector.
- The Authority as the focal point in Jamaica for the United Nations specialized agency for shipping, the International Maritime Organization (IMO), continues to represent Jamaica at this rule-making body for the safety and security of shipping and marine environmental protection at the various committees, the Council and the Assembly. In November 2013 at the 28th session of the IMO Assembly, led by the Minister Without Portfolio in the Ministry of Transport, Works and Housing, Dr. The Hon. Morais Guy, Jamaica was among the 40 successful member States in being re-elected to the IMO Council for the 2014-2015 biennium. There are 180 member States and three associate members States along with numerous NGOs and intergovernmental organizations.
- In July 2013 at the 63rd session of the IMO Technical Cooperation Committee meeting, the MAJ presented a report and a resolution of both the IMO sponsored Caribbean Senior Maritime Administrators (SMA) Workshop held in Montego Bay in February 2013, and the High Level Symposium (HLS) of Transport Ministers of the Region which followed immediately and at which the Honourable Minister of Transport Works and Housing, Dr. The Hon. Omar Davies presided. The Secretary General of the IMO, Mr. Koji Sekimizu also participated, along with the Head of the IMO's Technical Cooperation Division and his Head of the Latin America and Caribbean region. The report that was presented at the 63rd Technical Cooperation Committee (TC63) included the "Jamaica High Level Symposium (HLS) Resolution 2013" along with the "Jamaica Senior Maritime Administration (SMA) Resolution 2013" which included a commitment on the part of the Regions' States to increase our level of accession to the IMO and ILO instruments, inter alia to better prepare us for the institutionalization of the IMO Audit Scheme, to carry out our port, coastal

and flag State obligations, and to be more sensitized to develop a cohesive regional maritime policy taking into consideration national maritime policies and action plans. The SMA Resolution also had a prioritized list of IMO technical assistance needs for maritime safety and environment protection activities for the 2014-2015 biennium.

ISO 9001:2008 Certification

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

PUBLIC RELATIONS

Overview

The Authority has been making strides to increase public awareness of the MAJ both locally and internationally through the Public Relations Unit. The dissemination of materials and participating 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.

Although there are funding constraints, there has been a steady growth during the year in MAJ's media presence and much more is being done to bring the MAJ into mainstream media.

The following press releases were done:

- **Jamaica Re-elected to the International Maritime Organisation Council** – On Jamaica's securing a seat in category C in the election which took place on November 29, 2013.
- **Maritime Authority of Jamaica Conducts Island-wide Survey** - On the occasion of the commencement of a project to conduct island-wide surveys of all vessels domiciled in Jamaican waters in an effort to maintain accurate numbers. December 11, 2013.
- **Maritime Authority of Jamaica Cruising Permit formalized for Nautical Tourism** – On the implementation of the Cruising Permit to allow for visits of foreign registered yachts and other leisure craft to cruise freely around the coast of Jamaica after calling at the first 'port-of-call'. December 18, 2013.
- **Jet-Skis Required to Register at the Maritime Authority of Jamaica** – In the wake of Jet-Ski accidents which led to the ban on operation of those craft and a moratorium on importation of the vessels, and in an effort to encourage personal water craft operators to register their craft. January 15, 2014.
- **Deadline for Private Jet-Skis to Register at the Maritime Authority of Jamaica** – As the project to conduct island-wide survey was underway, reminder to private water craft operators to register their vessels. February 12, 2014.

- **Jamaica Plays Leading Role in International Efforts to Reduce Greenhouse Gas (GHG) Emissions from Ships** – on the occasion of the hosting of the IMO- and UNEP/Regional Activity Centre/Regional Marine Pollution Emergency Information and Training Centre (RAC/REMPEITC)-sponsored workshop which ran from February 17 to 19, 2014
- **Deadline for Registration of Jet Skis (PWC)** – in the form of a full-page advertisement (sponsored by TPDCo) to inform public of MAJ's 3-day operation to register vessels in the field after the extension of the registration deadline. March 2, 2014.

Contributed Articles

The following articles were published.

- **Jamaica Positioning as a Global Logistics Hub** – The Daily Gleaner December 10, 2013.
- **Private Jet Ski Operators Urged to Register Vessels** - The Daily Observer, Thursday January 15, 2014.
- **Jamaica Re-elected to the International Maritime Organization Council** – The Daily Gleaner Tuesday February 11, 2014.
- **Rear Admiral Peter Brady Reappointed to World Maritime University Board** – The Daily Observer, Monday March 24, 2014.

Media Appearance

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

- **NewsTALK93** with Ralston Hyman. Friday December 20, 2013, Interview with Rear Admiral Peter Brady
- **NewsTALK93** with Ralston Hyman. Friday January 17, 2014, Interview with Rear Admiral Peter Brady
- **CVM TV** with Simon Croskill. January 29, 2014, Interview with Director General.
- **NewsTALK93** with Ralston Hyman. January 30, 2014, Interview with Director General.
- **RJR's Beyond the Headlines** with Dionne Jackson-Miller. January 30, 2014, Interview with Director General.
- **Gleaner/Power 106 12:00 Noon Report.** January 31, 2014, Interview clip from Director, Legal Affairs
- **RJR Breakfast Club** with Donna Scott Mottley. Friday January 31, 2014. Interview with Rear Admiral Peter Brady
- **RJR's Editors Forum.** Programme recorded with the Director General, Deputy Director General, Director, Legal Affairs. February 14, 2013
- **Think Tank, JIS recording** Rear Admiral Peter Brady, Claudia Grant and Bertrand Smith. Radio and television news stories from the session were aired on all radio and TV stations in time allowed for Government broadcasts during JIS packaged programmes. March 16, 2014

Advertising

The Authority placed promotional advertisements in the PWD Co-operative Credit Union Limited 65th Anniversary supplement in The Daily Observer on Monday November 25, 2013 and the 50th Annual Jamaica Fishing Tournament Magazine on October 2013.

Social Media Networking

There is continued monitoring and updating of the MAJ's Facebook Page with in-house stories as well as international news of interest and occasional tips for students on matters of interest.

Informational/Promotional Material

Seasons' Greetings (Christmas) card was designed by the Public Relations Officer for the MAJ and the JSR and passed to staff to be distributed locally and internationally to clients and acquaintances.

Staff Communication

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

Community Service

The MAJ (Social Club) hosted its annual treat for the children of Reddies' Place of Safety on December 23, 2012. The children were fed, feted and given gifts. They showed their appreciation by reciting poems at random and gave a vote of thanks.



Children from Reddies' Place of Safety enjoying their meal while Rear Admiral Peter Brady, Director General of MAJ (right) looks on.

HUMAN RESOURCE AND STAFF WELFARE

The Authority continues to experience challenges with ensuring that each department is adequately staffed in an effort to provide the best service to its clients. Over the period it has experienced the loss of key personnel due to limited financial resources and the wage freeze. Replacing these personnel presented a challenge especially in retraining and in some cases redeployment of existing staff members which created problems for the operation of other units. The Authority still has difficulty in attracting qualified marine personnel to fill the vacant marine surveyor posts as they are able to find more lucrative positions in other countries and on board ships. Despite this, the Authority continues to invite qualified persons to apply for the vacant Marine Surveyor's posts.

The Authority is introducing a new appraisal system, the Performance Management and Appraisal System (PMAS) which is specifically designed to place greater emphasis on employee's performance, identifying performance gaps and staff development. During the period several meetings were held with the Project Management Team enabling the Core Project Team to become more aware of what is required to implement the system.

Pension Matters

The annual Pension Trustees Meeting was held on November 05, 2013 where a review was done on the performance of the Pension Fund for the previous year and also the quarterly reports for the current year.

At the meeting two recommendations were made:

- The removal of those persons listed as members on the Board of Trustees who are not currently associated with the Authority and replace them with persons who are: and,
- The members to the Pension Plan are to be informed as to the advantage of making additional contributions for increased benefits at retirement, as it was noted that the majority of the members are only contributing the compulsory 5%.

The management of the Pension Fund met all the requirements of the Pension Act and all related documentations have been submitted.

Training and Development

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

During the period training and development opportunities were extended to staff in the form of workshops, seminars and courses as it relates to their field.

Some of these training include:

- IMO UNDP Training in Expert Training – Human Element for Port State control Officers
- Advance Course on Port Operations and Management in Le Havre , France
- Basic Safety Training at the CMI.

- Maritime Women Global Leadership Conference
- MARPOL Regional Workshop
- The IMP Human Element Training and Watchkeeping course
- Workshop on Safety for Small Commercial Vessels
- Paris MOU Expert Training Safety and Environment for PSC Officer

Staff Meetings

Staff meetings were held on a quarterly basis to discuss matters of interest to the staff inclusive of the Conditions of Service for the Authority.

Staff Welfare

The Authority sought to promote staff wellness through meetings and promotions. During the year the Authority continued to assist staff members with the paying of the administrative fee for those who were registered with the Fitness Express Gym and the sponsoring of those willing to participate in 5k run/walk events. Approximately 18 persons took advantage of the reduced rate offered by Express Fitness which is located in the Digicel Complex, Ocean Boulevard.

Some members of staff have started walking at the Palisadoes strip from January 2014, twice a week on a regular basis to keep their fitness levels up and also to prepare themselves for promotional walks/runs.



Some of the members of staff who participated in the Digicel Night Walk/Run on October 26, 2013

Eleven members of staff participated in the Digicel Night Walk on October 26, 2013 and thirteen participated in the Sigma Fund Run on February 16, 2014.



Some of the members of staff who participated in the Sigma Fund Run on February 16, 2014

Representatives of various Financial Institutions made presentations at staff meetings. These were targeting individuals to save on a regular basis and to take advantage of personal loans offered by these Institutions. In addition there were presentations by the following organizations:

- National Health Fund
- Pricesmart
- Access to Information Unit

INFORMATION SYSTEMS

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

Maintenance and Expansion of Computer Networks

With the start of the new financial year the IT department started researching the possibility of upgrading the Authority's computer system to include the implementation of current technologies such as Virtualization and Cloud and incorporating improved backup strategies

both in-house and off-site. This was especially important as existing network infrastructure has aged and servers from as early as the year 2000 are still being used. Although these served the Authority well the servers were showing signs of impending failure, the operating system is also dated which causes problems with the domain and its active directory components. The proposed upgrade of the computer system is to incorporate virtualization server technology. This has the ability of using one server to operate several software in virtual environments, instead of having one server for each application. This will reduce the cost of equipment purchases, lessen the administration input required to manage the network and reduce power usage.

The implementation of better strategies to carry out backups is being incorporated. The Authority is in collaboration with the Ministry of Transport, Works and Housing (MTWH), to use the Ministry's facilities as an offsite backup. This will require Network Attached Storage equipment that will store the backup files and place them at the MTWH offices. Communication between the two entities will be via fibre optic (data) cables.

The project will have two phases. The first phase includes one server sized for virtualization and a Network Attached Storage (NAS) to facilitate backups, server rack and requisite Operating Systems and software. This proposal was approved and will be implemented in the first quarter of 2014-2015. The cost of the first phase is US\$43,708.00.

The second phase will include an automatic failover system that will require another server and NAS to facilitate redundancy in the system and will cost approximately US\$27,152.00.

Power Management

Upon relocating to the Office Centre Building, down town, Kingston, in 2011, we were advised by the Urban Development Corporation (UDC) that they would not be able to provide us with back-up power supply.

The Authority has since experienced loss of power supply on numerous occasions which has affected our operations especially the communication with our overseas clients and representatives. In October 2012, the Island survived Hurricane Sandy, however, power was not restored to the Office Centre Building until a week later. During this time all the Authority's systems within the downtown office were down. The 18 KVA UPS in place only provides approximately 10-15 minutes backup power when the main power supply from JPS is lost thus allowing enough time to properly shut down the systems. This is totally inadequate to meet the Authority's need, as, within a short time after the network and communication systems are shut down.

The decision has therefore been taken to acquire a standby generator as a solution to this problem. With approval received from the UDC management to install the generator on the roof of the first floor, the Authority employed the procurement process and selected AREL Limited as the preferred vendor to supply a 40 kVA FG Wilson generator at an approximate cost of J\$4.16 million. The project is expected to commence and be completed in the first quarter of 2014.

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 have in place the appropriate programs to meet the expected standards.

One such programme that was being developed during the fiscal year is the Certification Database Application. In reviewing the requirements for the Certification System, it was realized that there would be fundamental changes to forms and procedures. The introduction of the Certificate of Proficiency as well as the use of various forms for assessment changed the processing of the data altogether. To provide a proper solution, a programmer was contracted to develop the Certification Application which would:

- i) Capture the new requirements:
- ii) Be web-enabled and hence easily transferrable to the web for clients:
- iii) Allow for the processing to be triggered by events: and,
- iv) Provide the necessary controls.

The programmer was contracted on June 10, 2013. The developmental stage has been completed. The Authority will be carrying out testing and actual roll out in the first quarter of the fiscal period 2014/2015.

LIBRARY AND DOCUMENTATION CENTRE

Overview

The library continues to be effectively utilized by both staff and external clients during the fiscal period. Greater accountability regarding library materials by both internal and external clients is still a requirement.

Records Management

The Records Management Unit continues to work closely with the Jamaica Archives and Records Department (JARD) and is being assisted by their Records Analyst in forwarding regular record updates to the JARD. Documents that have reached their retention period are removed to the Government Records Centre for temporary storage.

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

Access to Information Requests

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

An Access to Information sensitization session was held in August 19, 2013 to sensitize staff on the requirements of the Access to Information Act.

Acquisition of Publications

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

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

The Officers who travelled to London brought back publications they received from IMO to supplement our collection. However those we received in excess were sent to the library at the Caribbean Maritime Institute.

Library Technical Services

All publications received were accessioned and 85% were catalogued and uploaded to the cataloguing database WINISIS. The weeding process of removing obsolete materials from the collation continues.

The Maritime Authority's Library has joined a consortium in using Question Point. This is a **Ask the Librarian** service which allows direct online access to the Librarian where questions are asked immediate feedback is given. This comes at no additional cost to the library being a member of the Socio Economic group of Libraries, with the Planning Institute of Jamaica as the focal point.

Use of Library Resources

The records of the library showed that a total of 220 reference consultations were made.

Reference consultations were broken down as follows:

IMO Publications	176
Periodicals	10
General Reference	34

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

There was decline in the usage as a result of students from Caribbean Maritime Institute not being able to access the past papers for recently sat exams as the Institution has stopped releasing the past papers.

Telephone Enquiries

There were fifteen (15) telephone requests for information. Most of the clients came in to collect requested information and used the material available. The Library had visitors from the University of the West Indies, National Environment Protection Agency and Caribbean Maritime Institute.

Workshops/Meetings

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

Projections/Plans

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

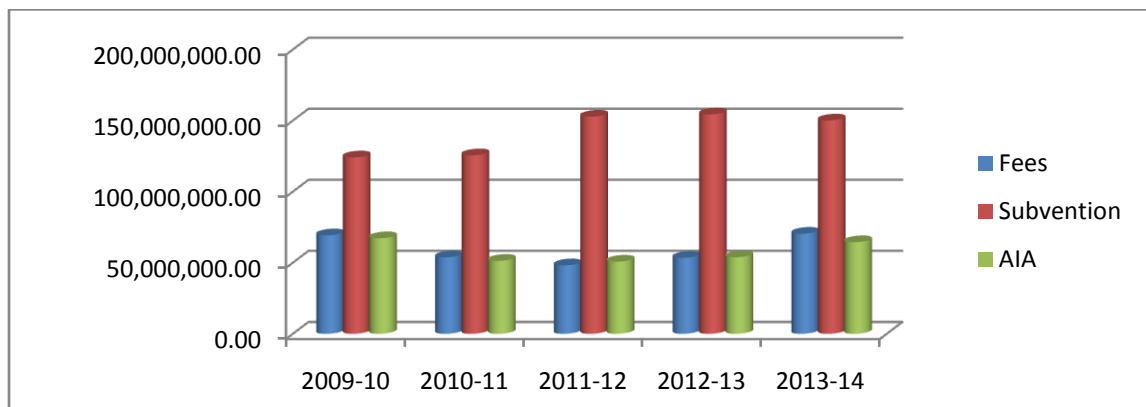
FINANCIAL REVIEW

The Authority continues to experience positive growth in its financial performance for the year ended March 31, 2014. Operating surplus stood at \$11.08M resulting in a net surplus of \$15.86M. This reflects a 40.10% increase over the previous year's performance. Revenue increased by 7.66% while expenditure increased by 6.10% during the period.

Income

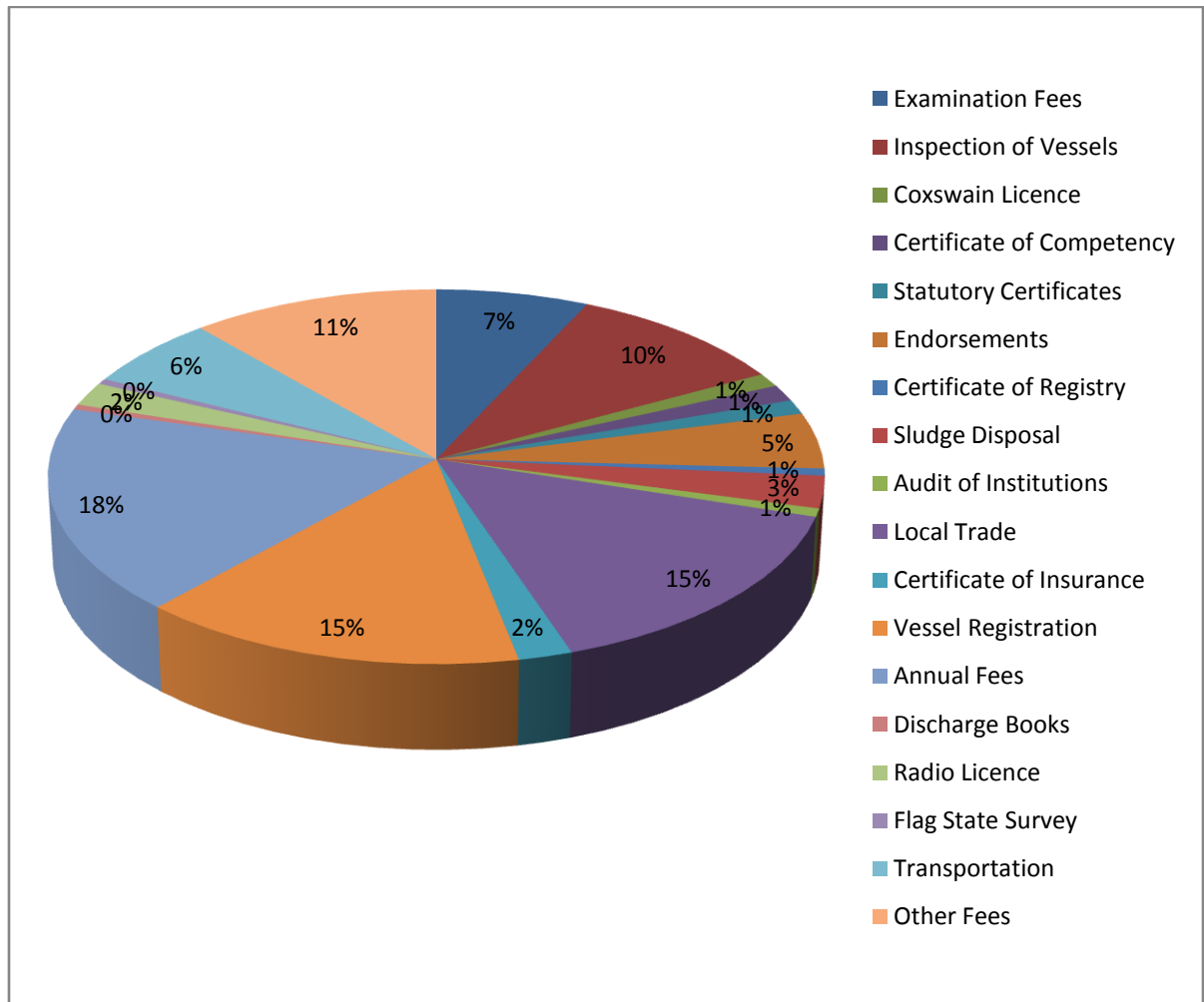
The Authority is funded mainly from Government of Jamaica subvention and income from services. Revenue for the reporting period amounted to \$221.68M. Of this amount fees earned from services amounted to \$69.35M. While the total revenue earned is approximately the same as what was initially budgeted, the fees from services surpassed the budget by 3.32%. The adjusted budget stood at \$117.08M as directed by MTWH. Despite this the Appropriation in Aid lagged behind the budget by 3.91%.

The chart below shows the evenue performance over the last four years.



The above chart shows that subvention received from the Government over the past three years has somewhat remained constant with a marginal decrease in 2013/2014 by 1.34%. This is attributable to Government's efforts to constrain expenditure over the past three years. The fees from operation have shown a 34.70% increase over the 2012/2013 period and is attributed to an increase in our main revenue areas of local trade and annual fees payable by ships on the register. We are projecting that fees from services will increase to \$78.54 million for the 2014/2015 financial year. This projection is based on our performance during the 2013/2014 financial year and the marketing efforts of the yacht registration project. It is estimated that we will also receive approximately \$147.24 million from the Ministry of Finance as support to our remuneration expenses. This will be \$2.87 million less than what was received during the 2012/2013 financial year.

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



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

Expenditure

The Authority expended \$210.60M for the reporting period against a budget of \$215.03M. Operating expenses was \$4.43M lower than budget, representing 2% less in expenditure for the period. This was indicative of the Authority spending within its earning capacity and in accordance with the budget during the financial year.

Expenditure for the 2014/2015 financial year is projected to be \$220.99 million.

The Authority's Projected Profit and Loss Statement for 2014/2015 Financial Year is shown below.

	J\$
Revenue	
Subvention	147,236,000.00
Service Income	78,544,000.00

Total Income	225,780,000.00

Less Expenditure	
Salary, Wages and Traveling	171,197,000.00
Rental	10,613,000.00
Public Utilities	2,444,000.00
Purchase of Goods and Services	33,447,000.00
Contributions	3,285,000.00

Total Expenses	220,986,000.00

Surplus	4,794,000.00
	=====

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

Audited Financial Statements for F/Y 2013/2014 are presented on page 44 as Appendix 1.

PLANS FOR 2014/2015

Jamaica Ship Registry

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

Registration

- Identify and engage a partner to operate and promote the JSR
- Reach agreement on a Marketing Plan for the JSR
- Significant increase in the number of international vessels by a number which is no fewer than the number of yachts registered
- Full regulatory collaboration and compliance for the registration of all vessels engaged in Jamaican waters
- Registration of fishing vessels
- Finalize webpage to facilitate issue of Cruising Permits
- Finalize the database for registration
- Initiate documentary auditing of Representative Offices at which Provisional Registration is conducted
- Finalize a Jamaican Ensign.

Registrar of Seafarers

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

- Establishment of a Register of Seafarers
- Establishment of a database of competent/available crew
- Finalize procedures and positions regarding abandonment of Seafarers and piracy
- Develop provisions for seafarers abroad
- See to the sensitization of Seafarers on the provisions of the MLC2006
- Finalization of the new design for Seaman's Discharge Book
- Establishment of a Database for Coxswains

Public Relations

The Authority is striving to strengthen the Public Relations activities to make the public more aware of the functions and activities of the MAJ. The following will be pursued during the year to come:

- Full distinction in the market between CMI and MAJ
- Establishment of an MAJ Calendar of Events
- MAJ assuming lead role in Maritime Week preparations and activities
- Web Page to provide appropriate information for the respective processes of the Registry/Seafaring
- Consistency and regularity in the issue of JSR Newsletters
- Publication of an MAJ Newsletter

Strengthen the Legal Framework

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

Retain ISO Certification

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

Increase Revenues

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

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

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	2013/14	6,930,000.00	1,732,500.00	140,000.00				8,802,500.00
Deputy Director General	2013/14	6,016,538.16	1,504,134.54	975,720.00				8,496,392.70
Director Legal Affairs	2013/14	5,528,711.00	1,382,177.75	975,720.00				7,886,608.75
Director, Shipping & Policy Research	2013/14	4,065,227.00		975,720.00				5,040,947.00
Director Safety, Environment and Certification	2013/14	5,482,500.00	1,370,625.00	975,720.00				7,828,845.00
Director, Corporate Services	2013/14	4,250,812.00	1,062,703.00	514,500.00				5,828,015.00

Notes on the Senior Executives Compensation Table:

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

Board of Directors' Compensation

Position of Director	Fees \$	Motor Vehicle Upkeep/traveling \$	Honoraria \$	All Other Compensation Cash Benefits as applicable (\$)	Total \$
Chairman	47,500.00				47,500.00
Board Member	22,000.00				22,000.00
Board Member	16,500.00				16,500.00
Board Member	22,000.00				22,000.00
Board Member	27,500.00				27,500.00
Board Member	11,000.00				11,000.00
Board Member	16,500.00				16,500.00
Board Member	22,000.00				22,000.00

FINANCIAL REPORT FOR THE YEAR ENDED MARCH 2014

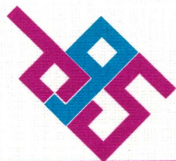


MARITIME AUTHORITY
OF JAMAICA

FINANCIAL STATEMENTS
MARCH 31, 2014

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INDEPENDENT AUDITORS' REPORT

To the Members of
MARITIME AUTHORITY OF JAMAICA

Report on the Financial Statements

We have audited the financial statements of Maritime Authority of Jamaica ("the Authority"), set out on pages 3 to 18, which comprise the statement of financial position as at March 31, 2014, statement of comprehensive income, statement of changes in accumulated surplus and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the financial statements give a true and fair view of the financial position of the authority as at March 31, 2014, and of its financial performance, changes in accumulated surplus and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

To the Members of
MARITIME AUTHORITY OF JAMAICA

Report on the Financial Statements (Cont'd)

Other matter

The comparative information presented in the financial statements were audited by another firm of Chartered Accountants and an unqualified Auditors' Report was issued on April 8, 2014.

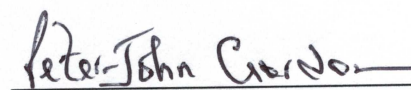
DG's Chartered Accountants & Business Advisors

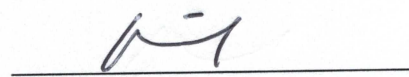
October 21, 2014

Statement of financial position
March 31, 2014

	<u>Notes</u>	<u>2014</u>	<u>2013</u> (Restated)
CURRENT ASSETS			
Cash resources		32,025,899	15,953,774
Accounts receivable and prepaid expenses	3	17,121,512	10,731,963
Due from related party	4	2,223,070	2,905,816
Taxation recoverable		<u>141,505</u>	<u>141,505</u>
		<u>51,511,986</u>	<u>29,733,058</u>
CURRENT LIABILITIES			
Bank overdraft, unsecured	5	2,141,004	337,698
Accounts payable and provisions	6	<u>43,796,258</u>	<u>40,514,802</u>
		<u>45,937,262</u>	<u>40,852,500</u>
NET CURRENT ASSETS/ (LIABILITIES)		5,574,724	(11,119,442)
NON-CURRENT ASSETS			
Property, plant and equipment	7	14,780,705	15,611,513
Investments	8	<u>99</u>	<u>99</u>
		<u>\$ 20,355,528</u>	<u>4,492,170</u>
EQUITY			
Accumulated surplus	Page 5	<u>\$ 20,355,528</u>	<u>4,492,170</u>

The financial statements, set out on pages 3 to 18, were approved by the Board of Directors on October 16, 2014 and signed on its behalf by:

 Chairman
 Dr. Peter – John Gordon

 Director General
 Rear Admiral Peter Brady

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

Statement of comprehensive income
March 31, 2014

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
INCOME			
Subvention	9 (a)	152,326,328	154,391,748
Singapore income	9 (b)	2,441,118	1,834,350
Germany income	9 (c)	10,233,819	12,314,723
Service income		<u>56,674,096</u>	<u>37,357,488</u>
		<u>221,675,361</u>	<u>205,898,309</u>
EXPENDITURE			
Advertising and promotion		3,594,319	1,998,084
Audit fees		500,000	530,000
Bank charges		437,429	569,971
Cleaning and sanitation		679,344	633,889
Consultancy expenses		226,000	749,635
Courier services and transportation		1,680,034	559,599
Depreciation		2,734,886	2,739,715
Entertainment		102,419	57,873
Examination and certificates expenses		553,144	54,375
Grants and subscriptions		2,320,797	1,987,435
Insurance		2,147,080	1,954,677
Legal and professional fees		18,950	140,368
Licenses and permits		2,188,517	658,694
Long range identification tracking expenses		1,029,045	443,783
Long range identification tracking audit expenses		265,169	181,207
Membership expenses		415,493	355,676
Miscellaneous expenses		39,918	5,326
Motor vehicle expense		727,045	684,301
Overseas travel		2,565,077	2,222,248
Parking fees		738,290	741,697
Increase/ (reduction) in provision for bad debts		3,866,089	(1,811,089)
Rental expense		10,233,166	7,694,695
Repairs and maintenance		436,434	1,314,780
Salaries, wages and related expenses	10	160,959,959	162,777,397
Seminar and training		5,649,484	5,796,819
Staff welfare		839,095	945,973
Stationery and office supplies		2,989,295	2,096,040
Telephone		<u>2,658,787</u>	<u>2,382,787</u>
		<u>(210,595,265)</u>	<u>(198,465,955)</u>
Operating surplus		11,080,096	7,432,354
Finance income	11	<u>4,783,262</u>	<u>3,887,994</u>
Net surplus	12	<u>\$ 15,863,358</u>	<u>11,320,348</u>

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

Statement of changes in accumulated surplus
March 31, 2014

	Accumulated surplus	Total
Balance as at March 31, 2012	(6,828,178)	(6,828,178)
Net surplus, being total recognised surplus for the year	<u>11,320,348</u>	<u>11,320,348</u>
Balance as at March 31, 2013	4,492,170	4,492,170
Net surplus, being total recognised surplus for the year	<u>15,863,358</u>	<u>15,863,358</u>
Balance at March 31, 2014	\$ <u>20,355,528</u>	<u>20,355,528</u>

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

Statement of cash flows
March 31, 2014

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net surplus	15,863,358	11,320,348
Adjustments to reconcile net surplus to cash provided by operations:		
Depreciation	2,734,886	2,739,715
Interest income	(258,167)	(277,624)
	18,340,077	13,782,439
Increase/(decrease) in net current assets:		
Accounts receivable and prepaid expenses	(6,389,549)	(4,893,190)
Due from related party	682,746	(18,890)
Accounts payable and provisions	<u>3,281,456</u>	<u>3,470,115</u>
Cash generated from operations	15,914,730	12,340,474
Interest received	258,167	277,624
Taxation withheld at source	<u>-</u>	(3,164)
Net cash inflows from operating activities	<u>16,172,897</u>	<u>12,614,934</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment, being		
Net cash outflow from investing activities	(1,904,078)	(4,071,611)
Net increase in cash resources	14,268,819	8,543,323
Cash resources at the beginning of the year	<u>15,616,076</u>	<u>7,072,753</u>
Cash resources at the end of the year	<u>\$ 29,884,895</u>	<u>15,616,076</u>
Cash resources comprise:		
Cash and bank balances	1,598,374	1,118,243
Short-term deposits	30,427,525	14,835,531
Bank overdraft	(2,141,004)	(337,698)
	<u>\$ 29,884,895</u>	<u>15,616,076</u>

Notes to the financial statements
March 31, 2014

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 are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board (IASB), and comply with the provisions of the Jamaican Companies Act.

New standards, interpretations and amendments effective during the year

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The authority has assessed the relevance of all such new standards, interpretations and amendments and has adopted the following which are immediately relevant to its operations:

- **IAS 1 (Amendments), 'Financial statement presentation'** (effective for annual periods beginning on or after January 1, 2013). The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.
- **IFRS 7, (Amendment) 'Financial instruments: Disclosures'** (effective for annual periods beginning on or after January 1, 2013). This amendment reflects the joint IASB and FASB requirements to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements and those that prepare US GAAP financial statements. The authority applied amendment from January 1, 2013 but it is not expected to have a significant impact on the authority's financial statements.
- **IFRS 13, 'Fair value measurement'** (effective for annual periods beginning on or after January 1, 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP. The authority will apply the standard from January 1, 2013 and it will result in expanded disclosure in the financial statements.

Notes to the financial statements
March 31, 2014

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

(a) Statement of compliance (cont'd):

- **IAS 19 (Amendment), 'Employee Benefits'** (effective for annual periods beginning on or after January 1, 2013). These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. The significant changes affecting the authority are that actuarial gains and losses are renamed 'remeasurements' and will be recognized immediately in other comprehensive income. Actuarial gains and losses will no longer be deferred using the corridor approach or recognized in profit or loss. Remeasurements recognized in other comprehensive income will not be recycled through profit or loss in subsequent periods. The annual income or expense for funded benefit plans will include net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability. This will replace the finance charge and expected return on plan assets. Additional disclosures are required to present the characteristics of benefit plans, the amounts recognized in the financial statements and the risks arising from defined benefit plans and multi-employer plans.
- **IAS 27, (Revised) 'Separate financial statements'** (effective for annual periods beginning on or after January 1, 2013). This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. The authority will apply the standard from January 1, 2013 but it will not result in changes to the authority's separate financial statements.
- **IAS 28, (Revised) 'Associates and joint ventures'** (effective for annual periods beginning on or after January 1, 2013). This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. The authority will apply the standard from January 1, 2013 but it is not expected to result in changes to the authority's financial statements.

Standards, interpretations and amendments issued but not yet effective

The authority is assessing the impact, if any, of the above amendments, interpretations and new standards on its future financial statements.

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which were not effective at the date of the statement of financial position, and which the authority has not early adopted. The authority has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

IAS 32, (Amendment) 'Financial instruments: Presentation' (effective for annual periods beginning on or after January 1, 2014). This amendment updates the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. The authority will apply the amendment from January 1, 2014 but it is not expected to have a significant impact on the authority's financial statements.

The authority is assessing the impact these amendments may have on its financial statements.

Notes to the financial statements
March 31, 2014

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

(b) Basis of preparation:

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

The financial statements are prepared under the historical cost convention.

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

(c) Revenue recognition:

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

(d) Cash resources:

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

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

(e) Accounts receivable:

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

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

(f) Accounts payable:

Accounts payable are stated at amortised cost.

(g) Provisions:

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

Notes to the financial statements
March 31, 2014

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

(h) Property, plant and equipment:

(i) Owned assets

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

(ii) Depreciation

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

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

(i) Impairment:

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

(i) Calculation of recoverable amount:

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

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

(ii) Reversals of impairment:

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

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

Notes to the financial statements
March 31, 2014

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

(i) Impairment (cont'd):

(ii) Reversals of impairment cont'd:

An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

(j) Capital fund:

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

(k) Financial instruments:

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

(l) Foreign currency translations:

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

(m) Employee benefits:

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

(i) Defined contribution pension plan

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

Notes to the financial statements
March 31, 2014

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

(n) Basis of non-consolidated subsidiary:

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

3. Accounts receivable and prepaid expenses

Accounts receivable and prepaid expenses represent:

	<u>2014</u>	<u>2013</u>
Trade receivables	16,419,063	9,311,179
Other receivables	<u>4,874,683</u>	<u>5,006,141</u>
	21,293,746	14,317,320
Less allowance for impairment losses	(4,172,234)	(3,585,357)
	<u>\$ 17,121,512</u>	<u>10,731,963</u>

4. Due from related party

Due from related party represents:

		<u>2014</u>	<u>2013</u>
Maritime Technical Services (Jamaica) Limited	(i)	2,514,570	2,905,816
The Government of Jamaica	(ii)	<u>2,223,070</u>	<u>-</u>
		4,737,640	2,905,816
Less allowance for impairment losses		(2,514,570)	-
		<u>\$ 2,223,070</u>	<u>2,905,816</u>

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

(ii) This represents amounts due from the Government of Jamaica in respect of retroactive salaries approved for all government employees.

5. Bank overdraft

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

6. Accounts payable and provisions

Accounts payable and provisions represent:

		<u>2014</u>	<u>2013</u>
Trade payables		2,096,042	2,737,803
Accrued expenses	(i)	36,744,210	33,549,451
Other payable and accruals		<u>4,956,006</u>	<u>4,227,548</u>
		<u>\$ 43,796,258</u>	<u>40,514,802</u>

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

MARITIME AUTHORITY OF JAMAICA

Notes to the financial statements
March 31, 2014

7. Property, plant & equipment

	Leasehold improvement	Equipment	Furniture fixtures & fittings	Motor vehicles	Computer software	Computer equipment	Total
Cost:							
March 31, 2012	8,555,208	4,088,679	5,087,297	5,794,027	4,716,269	9,335,258	37,576,738
Additions	<u>2,355,865</u>	<u>-</u>	<u>572,800</u>	<u>-</u>	<u>-</u>	<u>1,142,946</u>	<u>4,071,611</u>
March 31, 2013	10,911,073	4,088,679	5,660,097	5,794,027	4,716,269	10,478,204	41,648,349
Additions	109,178	27,000	542,229	-	405,047	820,624	1,904,078
Transfer	<u>(808,000)</u>	<u>808,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
March 31, 2014	10,212,251	4,923,679	6,202,326	5,794,027	5,121,316	11,298,828	43,552,427
Depreciation:							
March 31, 2012	151,460	3,877,826	3,975,688	4,133,862	4,695,363	6,462,923	23,297,122
Charge for the year	<u>219,222</u>	<u>57,437</u>	<u>319,183</u>	<u>1,060,892</u>	<u>20,906</u>	<u>1,062,075</u>	<u>2,739,715</u>
March 31, 2013	370,682	3,935,263	4,294,871	5,194,754	4,716,269	7,524,998	26,036,836
Charge for the year	253,251	215,187	469,954	599,270	50,272	1,146,951	2,734,886
Transfer	<u>(35,349)</u>	<u>35,349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
March 31, 2014	588,584	4,185,799	4,764,825	5,794,024	4,766,541	8,671,949	28,771,722
Net book values:							
2014	<u>\$ 9,623,667</u>	<u>737,880</u>	<u>1,437,501</u>	<u>3</u>	<u>354,775</u>	<u>2,626,879</u>	<u>14,780,705</u>
2013	<u>\$ 10,540,391</u>	<u>153,416</u>	<u>1,365,226</u>	<u>599,273</u>	<u>-</u>	<u>2,953,206</u>	<u>15,611,513</u>
2012	<u>\$ 8,403,748</u>	<u>210,853</u>	<u>1,111,609</u>	<u>1,660,165</u>	<u>20,906</u>	<u>2,872,335</u>	<u>14,279,616</u>

Notes to the financial statements
March 31, 2014

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>2014</u>	<u>2013</u>
(a) Subvention- Ministry of Transport and Works	121,300,455	125,657,962
Retroactive salaries	2,223,070	-
Statutory deductions	<u>28,802,803</u>	<u>28,733,786</u>
	152,326,328	154,391,748
Service income	<u>56,674,096</u>	<u>37,357,488</u>
	<u>209,000,424</u>	<u>191,749,236</u>
Less: expenses		
Administrative costs	(210,595,265)	(198,465,955)
Finance income	<u>4,783,262</u>	<u>3,887,994</u>
	<u>(205,812,003)</u>	<u>(194,577,961)</u>
Surplus/ (deficit) for the year	<u>\$ 3,188,421</u>	<u>(2,828,725)</u>
(b) Singapore income		
Singapore office	2,969,610	1,834,350
Less: expenses		
Commission	(528,492)	-
Surplus for the year	<u>\$ 2,441,118</u>	<u>1,834,350</u>
(c) Germany income		
Germany office	11,686,751	14,259,792
Less: expenses		
Agency fee	(1,452,932)	(1,945,069)
Surplus for the year	<u>\$ 10,233,819</u>	<u>12,314,723</u>

10. Salaries and other related costs

Salaries and other related costs include contributions made to a contributory pension scheme operated by the authority for all employees who have satisfied certain minimum service requirements. The scheme is a defined contribution plan and is administered by a pension fund administrator.

The contributions for the year amounted to \$ 3,459,208 (2013: \$ 3,831,019).

Notes to the financial statements
March 31, 2014

11. Finance income

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

12. Net surplus

Net surplus is stated after charging the following:

	<u>2014</u>	<u>2013</u>
	\$	\$
Auditors' remuneration	500,000	530,000
Depreciation	2,734,886	2,739,715
Staff costs	<u>160,959,959</u>	<u>162,777,397</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 amounts represent estimates of the arms-length consideration that would be currently agreed between knowledgeable willing parties who are under no compulsion to act and is best evidenced by a quoted market. Where such instruments exist, they are valued using present value or other valuation techniques and the fair value shown may not necessarily be indicative of the amounts realisable in an immediate settlement of the instruments.
- (ii) The carrying value reflected in the financial statements for cash resources, accounts receivable, related party receivables, short term loans and accounts payable are assumed to approximate to their fair value due to their short term nature. Due to related party is stated at its contractual settlement value

(b) Financial instruments risks:

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

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

Notes to the financial statements
March 31, 2014

14. Financial instruments (cont'd)

(b) Financial instruments risks (cont'd)

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

(c) Credit risk:

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

The maximum exposure to credit risk at the date was:

	<u>2014</u>	<u>2013</u>
Cash resources	32,025,899	15,953,774
Accounts receivables	17,121,512	10,731,963
Due from related party	<u>2,223,070</u>	<u>2,905,816</u>
	<u>\$ 51,370,481</u>	<u>29,591,553</u>

Cash resources are placed with reputable financial institutions that are believed to have minimal risk of default. Credit is only granted to customers with good credit history. Management considers that there is no significant risk attached to the collection of related party balances.

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

	<u>2014</u>		<u>2013</u>	
	Gross	Impairment	Gross	Impairment
0-30 days	3,055,108		(842,738)	-
Past due 31-60 days	997,356		1,329,957	-
Past due 61-90 days	1,514,642		1,446,471	-
More than 90 days	<u>10,851,957</u>	<u>(4,172,234)</u>	<u>7,377,489</u>	<u>(3,585,357)</u>
	<u>\$ 16,419,063</u>	<u>(4,172,234)</u>	<u>9,311,179</u>	<u>(3,585,357)</u>

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.

(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, 2014, 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 authority is exposed to exchange rate changes in respect of net assets in foreign currencies which amounted to US\$ 386,121 (2013: US\$ 396,836)

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

	JAD
At March 31, 2014	\$ 109.57
At March 31, 2013	\$ 98.89

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>2014</u>	<u>2013</u>
10% Devaluation of J\$		
Gain on United States dollar (US\$)	\$ <u>4,230,728</u>	<u>3,924,311</u>
5% Revaluation		
Loss on United States dollar (US\$)	\$ <u>(2,115,364)</u>	<u>(1,962,156)</u>

Notes to the financial statements
March 31, 2014

14. Financial instruments (cont'd)

(e) Liquidity risk:

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

(f) Cash flow risk:

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

(g) Operational risk:

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

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

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

(h) Business risk:

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