

Toll Authority

ANNUAL
Report
2012/2013

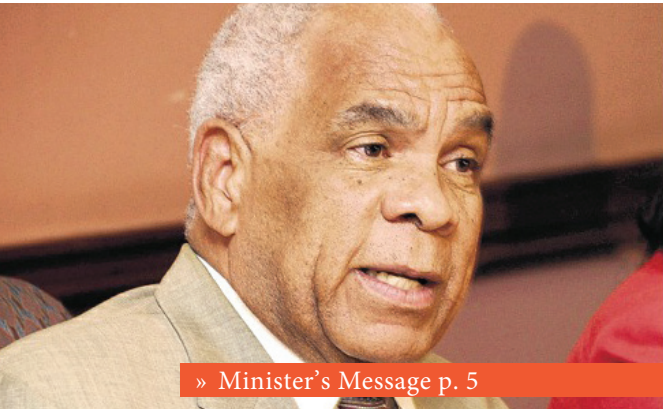


Toll Authority

Annual Report 2012/2013



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Toll Authority

Mission

To ensure that Jamaica's toll roads are effectively and efficiently developed and managed in accordance with agreed performance and safety standards, service levels and practices and assist in creating an enabling environment for all stakeholders.

Scope & Mandate

The Toll Authority's major functions are:

- To regulate the operation and maintenance of toll roads and such other facilities as may be deemed necessary on or adjacent to toll roads;
- To monitor compliance of concessionaires with the terms and conditions of concession agreements;
- To advise the Minister on matters of general policy relating to the design, construction, safety, regulation, operation and maintenance of the toll roads in Jamaica.

Message from the Minister

Jamaica is blessed with beautiful topography all over. From the imposing hills and the verdant valleys to the sparkling rivers and streams – the island is awash with wonderful vistas and landscapes.

Since 2002, another feature has been added to the island's landscape to not only enhance the country's appearance, but to also afford motorists a more pleasant and hassle-free travelling experience. These are our toll roads which have expanded from the Vineyards to encompass the Spanish Town, Portmore and more recently, May Pen.

I wish to congratulate all the agencies responsible for its construction and maintenance, especially the Toll Authority whose duty it is to monitor and regulate the operation and maintenance of these roads and other facilities necessary or adjacent to the toll roads.

As we look forward to the further opening up of the country to development courtesy of these roads, I would like to encourage investors, both local and abroad, to take advantage of the opportunities which are presented by the construction of these thoroughfares.

Let us explore the possibilities offered not only by these already in operation, but also those afforded by the proposed North-South link.



Dr. the Hon. Omar Davies, MP
MINISTER

A handwritten signature in black ink, appearing to read "Omar Davies".

Omar Davies
Minister of Transport, Works and Housing



Chairman's Message



Devon Dick, OD, JP (Rev. Dr.)
CHAIRMAN

It has been said that the road to development is the development of roads. Truer words have never been spoken. In the case of the Jamaican landscape, the advent of toll roads has certainly resulted in allied development in the areas they traverse. Take the first toll road — the Vineyards as a case in point. Today, there are at least two major housing developments that have been established along the general area. This is certainly a ringing endorsement for the case of these roads in Jamaica.

The Toll Authority, the entity charged with the responsibility of overseeing the operations of the toll roads, continues to make every effort to ensure that the various thoroughfares remain in a manner consistent with First World standards. We take the matter of safety and comfort very seriously and to that extent we go the proverbial 'extra mile' to make the users of the roads feel satisfied.

I wish to congratulate all those associated with the vision of making the roads a part of the Jamaican infrastructure and perhaps more importantly, their maintenance and relevance — that is TransJamaican Highway Limited, Jamaican Infrastructure Operators, National Road Operating and Constructing Company Limited and the National Works Agency. It is not a task we take lightly and we do take the opportunity of saying thanks to the Jamaican public who continue to make use of these corridors.

We pledge to maintain the high standards which have become synonymous with the roads and encourage the public to continue making them a part of their everyday travel experience.

A handwritten signature in cursive script, reading "Devon M. Dick".

Rev. Devon Dick — Chairman





Board of Directors

Rev. Devon Dick — **Chairman**
Ms. Pauline Findlay — **Deputy Chairman**
Ms. Greta Bogues
Mr. Cosmo Brooks
Dr. Janine Dawkins
Ms. Muna Issa
Ms. Susan Lawrence
Mr. Guy Morris
Mr. Patrick Rose



Committees of the Board

Audit and Finance Committee

Ms. Greta Bogues — Chairman
Mr. Cosmo Brooks
Ms. Muna Issa
Mr. Guy Morris

Legal Committee

Ms. Pauline Findlay — Chairman
Dr. Janine Dawkins
Ms. Susan Lawrence
Mrs. Sheryl Shirley-Haynes

Technical Committee

Patrick Rose — Chairman
Dr. Janine Dawkins
Mr. Guy Morris

Corporate Governance

The Toll Authority was established under the Toll Roads Act, 2002. Its main functions are to:

- Regulate the operations and maintenance of toll roads;
- Monitor compliance of concessionaires with the terms and conditions of their concession agreement; and
- Advise the Minister on matters of general policy relating to the design, construction, safety, regulation, operations and maintenance of the toll roads in Jamaica.

The Toll Authority believes that good corporate governance is essential to the effective, efficient and prudent operations of the organization and underpins the developed systems of accountability, transparency and efficiency. An operational environment with strong corporate governance procedures has therefore been developed and is continuously being reviewed.

As such, the Authority's Board is committed to maintaining sound ethical practices in all areas of operations, governing in compliance with applicable laws and regulations and acting in good faith and in the best interest of the Toll Authority at all times. Management is responsible for the daily operations of the organization. The offices of Chairman and Chief Executive Officer continue to be held separately over the review period with a clear division of responsibilities between the two.

The Toll Authority's governance principles are guided by the following pieces legislation:

- The Toll Roads Act 2002
- Public Bodies Management & Accountability Act
- Financial Administration & Audit Act

The Board of Directors of the Authority is appointed by the Minister of Transport, Works and Housing and currently comprises nine (9) members. The Board was very active during the year and met six (6) times to conduct the business of the Authority and this includes meetings with other partners and concessionaires as required. For the effective operations of the Board, three (3) Board Committees were established as noted hereunder:

Board Committees

Name of Directors	Audit & Finance Committee	Legal Committee	Technical Committee
Pauline Findlay		* Chair	
Greta Bogues	* Chair		
Cosmo Brooks	*		
Dr. Janine Dawkins		*	*
Muna Issa	*		
Guy Morris	*		*
Susan Lawrence		*	
Patrick Rose			* Chair

Mrs. Sheryl Shirley-Haynes was invited to sit on the Legal Committee and served as an external member during the review period.

Board Meeting Attendance

Name of Directors	Number of Meetings	Number of Meetings Attended
Rev. Devon Dick	6	3
Pauline Findlay	6	6
Greta Bogues	6	6
Cosmo Brooks	6	6
Dr. Janine Dawkins	6	6
Muna Issa	6	1
Susan Lawrence	6	4
Guy Morris	6	3
Patrick Rose	6	6

Committees Reports

Audit & Finance Committee Report

The Audit & Finance Committee is an integral part of the corporate governance process of the Toll Authority. The Committee is established pursuant to the Public Bodies Management and Accountability Act and assists the Board with its financial and strategic oversight function. This Committee was formed in April 2012 under the Chairmanship of Greta Bogues. The Terms of Reference, which was developed by the previous Audit & Finance Committee, was revisited, reviewed and approved by the current Board prior to the Committee's operation.

The Audit & Finance Committee is made up of independent non-executive directors and has the power and authority to conduct investigations into matters within its scope of responsibilities and to make appropriate recommendations to the Board for action.

Specifically, the Audit & Finance Committee is responsible for:

1. Advising the Board on –
 - a. The practices and procedures which will promote productivity and the quality and volume of service;
 - b. The extent to which the objectives of the Authority are being achieved; and
 - c. The adequacy, efficiency and effectiveness of the accounting and internal control structure and systems of the Authority;
2. Reviewing and advising the Board on the financial statements that are to be included in the annual report of the public body;
3. Reviewing and advising the Board on the annual auditor's report;
4. Reviewing and advising the Board on annual and midterm strategic and operational plans; and
5. Reviewing and advising the Board with respect to the content of report for any special audit or examination.

During the year, the Toll Authority budget allocation continued to be a line item within the Ministry of Transport,

Works and Housing's budget. Similar to previous reporting periods, all accounting activities were conducted by and through the Ministry.

The presentation and process for the preparation of the financials for this report was, however, changed from Trial Balance and a Statement of Expenditure by Objects extracted from the Ministry of Transport, Works and Housing accounts. In line with instructions received from the Auditor General and Ministry of Transport, Works and Housing, the Authority produced and hereby submits audited financial statements prepared in accordance with generally accepted accounting principles and international financial reporting standards. The audited accounts were prepared by a registered audit firm, Hayle & Company.

To support the financial structure, the Committee met three (3) times during the year and addressed the following issues:

- Revision of the Committee's Terms of Reference;
- Acquire clarifications and verification of the Authority's financial status by meeting with the Heads of the Ministry's Audit and Accounting Units;
- Consider the parameters for overseas travel by staff;
- Review the draft Annual Report for 2012/2013 and recommend it for approval;
- Review the Three-Year Strategic Plan 2013 -2016 and Operation Plan 2013/2014 and recommend them for approval;
- Review the Budget and made recommendation for its approval.

Legal Committee Report

The Legal Committee also has a very important role within the life of the Toll Authority. The Committee was established in April 2012 under Clause 11 of the Schedule to the Toll Authority (Management) Regulations, 2003 and the Chairman is Attorney-at-Law, Pauline Findlay. The Committee has the specific duties to:

1. Advise the Board on –
 - a. The legislative framework governing the Authority;
 - b. Recommendations and suggestions for amendments;
2. Review the laws and related documentation.
3. Make recommendations on policies and their legal implications.

During the year, the Committee met twice and during these meetings the following were addressed:

- Review the draft and make recommendation for the amendment of the Toll Roads (Tyre Deflation Device) Regulations;
- Review the draft and make recommendation for the amendment of the Toll Roads (Returns, Report and Register) Regulations;
- Review the draft and make recommendation for the amendment of the Toll Roads (Technical Designs, Operation and Maintenance) Standards Regulations;

The Toll Roads (Tyre Deflation Device) Regulations were passed and made into law in March 2013.

Technical Committee Report

The Technical Committee was established pursuant to Clause 11 of the Schedule to the Toll Authority (Management) Regulations, 2003 under the Chairmanship of Patrick Rose. The Committee is responsible for:

1. Considering applications from the concessionaires for the closure of toll lanes and to give direction and guidance for general traffic management and safety issues.
2. Reviewing and considering all technical matters requiring the input of the Toll Authority. These include:
 - a. Technical standards
 - b. Toll road safety issues
 - c. Design related issues
3. Reviewing and considering issues relating to the use, benefit and optimization of the Highway. This includes matters relating to:
 - a. Access and egress points
 - b. Travel demands
 - c. Service standards

The Technical Committee met twice during the year and dealt with the following:

- Application from TransJamaican Highway for the closure of a section of a lane on the Portmore toll road in order to effect repairs. The Committee considered the traffic management and general safety issues pertaining to these works.
- Technical issues arising out of the inspection of the newly completed May Pen leg of the Highway.



Board Directors' Compensation

Payments were made to the Board of Directors in line with the PBMA Act.
Below is a summary of the payments made:

Directors	Position of Director	Fees \$	Motor Vehicle Upkeep/ Travelling or Value of Assigned Motor Vehicle	Honoraria	All Other Compensation including Non- Cash Benefits as Applicable	Total \$
1	Board Chairman	21,375.00	N/A	N/A	N/A	21,375.00
2	Board Member and Member for the Technical and the Legal Committees	25,875.00	N/A	N/A	N/A	25,875.00
3	Board Member and Member of the Audit and Finance Committee	13,500.00	N/A	N/A	N/A	13,500.00
4	Board Member and Member of the Audit and Finance Committee	24,750.00	N/A	N/A	N/A	24,750.00
5	Board Member and Chairman of the Technical Committee	25,875.00	N/A	N/A	N/A	25,875.00
6	Board Member and Member for the Audit and Finance Committee	17,625.00	N/A	N/A	N/A	17,625.00
7	Board Member and Chairman for the Audit and Finance Committee	31,125.00	N/A	N/A	N/A	31,125.00
8	Deputy Chairman of the Board and Chairman of the Legal Committee	39,375.00	N/A	N/A	N/A	39,375.00
9	Board Member and Member of the Legal Committee	24,375.00	N/A	N/A	N/A	24,375.00

Management and Staff

Human Resource

The Authority continued to carry out its mandate through a secretariat comprising of three staff members. This small cadre of staff concentrates on the core function while all other functional areas such as Accounting, Procurement, Information Technology and Human Resource Management were provided by the Ministry of Transport, Works and Housing. The staff complement of the Authority is as follows:

Mrs. Joan Fletcher – Toll Administrator/CEO

Mr. Graeme Patrick – Senior Toll Inspector

Ms. Laura McPherson – Administrative Secretary

Senior Staff Compensation

Position of Senior Executive	Year	Salary (\$)	Gratuity or Performance Incentive	Travelling Allowance or Value of Assignment of Motor Vehicle (\$)	Pension or Other Retirement Benefits (\$)	Other Allowances (\$)	Non-Cash Benefits (\$)	Total
Chief Executive Officer	12/13	3,435,210	-	975,720	-	-	-	4,410,930
Senior Toll Inspector	12/13	2,092,815	-	514,500	-	-	-	2,607,315





Toll Roads in Jamaica

During the year under review, the Jamaican toll roads comprised two distinct sections:

- i) Vineyards, Spanish Town & May Pen toll roads (T1): From Mandela Highway to May Pen—approximately 45 km (includes Phase 1B — 12 km from Sandy Bay to May Pen); and
- ii) Portmore toll road (T2): Marcus Garvey to Portmore — approximately 6 kilometres.

The Linstead to Moneague North South Link, which is approximately 19.16 kilometres, was under construction.

Operations & Maintenance Highlights

Usage at the Vineyards, Spanish Town & Portmore Plazas and Toll Increase

Tables 1 & 2 and Chart 1 below provide the details on the usage at the Vineyards, Spanish Town and Portmore Plazas since the year 2006/2007 to the period under review. Table 1 reveals that between the period 2006/2007 and 2012/2013, traffic has had an overall decline of 6.8%: Portmore went down by 5.1%, Spanish Town by 13.8% and Vineyards by 8.1%.

Table 1 — Daily Average Traffic by Toll Plaza: Vineyards, Spanish Town & Portmore Plazas

Plaza	Daily Average Traffic by Plaza						
	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
Vineyards	11,051	12,118	11,722	10,674	9,793	10,306	10,148
Spanish Town	6,130	5,906	5,169	5,028	5,125	5,244	5,282
Portmore	33,611	38,627	37,025	35,006	33,253	32,797	31,884
TOTAL	50,792	56,651	53,916	50,708	48,172	48,347	47,314

CHART 1 – Daily Traffic by Plaza: Vineyards, Spanish Town & Portmore Plazas

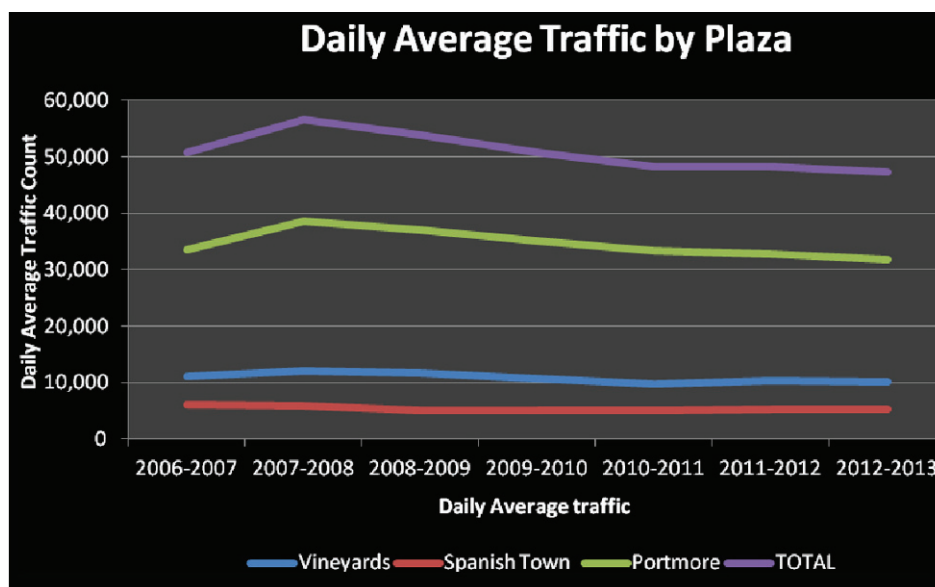


Table 2 provides the data by classes. As customary, class1 has the largest number of vehicles with class 3, which represents the large vehicles, being the lowest.

Table 2 – Daily Average Traffic by Class: Vineyards, Spanish Town & Portmore Plazas

Daily Average Traffic by Class						
Vehicle Category	Vehicle Description	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
Class 1	Less than 1.7m high but any length	42,388	39,992	37,666	37,661	36,939
Class 2	More than 1.7m high, but less than 5.5m long	8,365	7,831	7,537	7,638	7,435
Class 3	More than 1.7m high and more than 5.5m long	3,163	2,885	2,969	3,048	2,940
All Classes		53,916	50,708	48,172	48,347	47,314

Table 3 attempts to capture the effects the toll increase of July 7, 2012 might have had on usage: this increase was confined to the Spanish Town and Portmore toll roads. An assessment of the data, however, reveals no obvious correlation between the rate adjustments and usage. For example, the Vineyards which had no rate increase, experienced a 0.15% reduction in usage while Spanish Town, which had a rate increase, experienced a 3.3% increase in usage. Portmore had an increase in rates and experienced a 4.3% rate of decrease in usage.

Table 3 — Rate of Toll Increase & Usage Growth 2012-2013 T1 & T2

Plaza	Average rate of Toll Increase			Annual Rate of Usage Growth		
	Class 1	Class 2	Class 3	Class 1	Class 2	Class 3
Vineyards	0.00%	0.00%	0.00%	-2.40%	0.33%	1.92%
Spanish Town	12.50%	8.33%	8.70%	0.41%	1.56%	8.13%
Portmore	8.33%	11.11%	11.43%	-2.33%	-4.98%	-5.60%

Table 4 provides the historical toll increase rates and the corresponding usage data since the opening of the toll roads.

Table 4 – Historical Toll Increases & Rate of Usage Growth T1 & T2

PLAZA	Rate of Increase & Growth	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Vineyards	Average rate of Toll Increase	Mar 2006 13.3%	Apr 2007 6.9%	July 2008 17.2%	Sept 2009 18.8%	No Increase	No Increase	No Increase
	Annual Rate of Usage Growth	6.2% Increase	11.1% Increase	4.8% Decrease	5.9% Decrease	6.8% Decrease	4.3% Increase	0.4% Decrease
Spanish Town	Average rate of Toll Increase	Mar 2006 8.2%	Apr 2007 16.6%	July 2008 16.4%	Sept 2009 16.4%	No Increase	July 2011 6.2%	July 2012 9.8%
	Annual Rate of Usage Growth	1.2% Decrease	3.7% Decrease	12.4% Decrease	2.7% Decrease	2.8% Increase	2.7% Increase	0.15% Increase
Portmore	Average rate of Toll Increase	July 2006 Opening of portmore toll road	Apr 2007 No ncrease — due to a subsidy	July 2008 48% Removal of the subsidy	Sept 2009 20.6%	No Increase	July 2011 2.9%	July 2012 10.3%
	Annual Rate of Usage Growth	-	14.9% Increase	4.1% Decrease	5.5% Decrease	4.3% Decrease	1.3% Decrease	3.4% Decrease

Usage at the May Pen Toll Plaza

The May Pen toll road (Phase 1B), an extension of the Vineyards toll road, was opened to the public in August 2012. It was anticipated that this leg would have attracted motorists who travel to May Pen and beyond; this would actually include some motorists who use the Vineyards toll road. Table 5 below displays the actual usage by class and the price charged at the May Pen Plaza.

The data reveals that approximately 26% of the motorists from the Vineyards Plaza do not proceed to the May Pen Plaza. Though it is difficult to ascertain the exact number of motorists who travel to May Pen and beyond but who do not use the May Pen leg of the toll road, it appears that there are motorists who choose to use the alternative road instead of paying an additional toll.

In anticipation of increasing the numbers using the May Pen toll plaza, the Operators of the toll road opened the

Old Harbour western ramp (between Vineyards and May Pen) in March. The opening of this ramp now provides access to the toll road for person travelling in a westerly direction.

Possible losses are anticipated as persons who enter the road on this ramp are also able to exit at the Free Town ramp without ever paying the toll at the May Pen Plaza.

Table 5: Usage of the May Pen Plaza for the months August 2012 - March 2013

Classes	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Toll Fees
Class 1	91,522	144,862	141,075	149,823	184,433	161,249	134,695	153,270	\$60.00
Class 2	33,280	52,811	50,838	56,433	65,240	57,862	51,846	56,223	\$90.00
Class 3	8,790	13,851	14,235	16,341	16,544	15,012	14,171	15,207	\$180.00
Total May Pen	133,592	211,524	208,148	222,597	266,217	234,124	200,712	224,700	
Total Vineyards	343,847	293,073	284,747	309,033	359,633	321,568	277,051	311,908	
Vehicles disembarking before the May Pen Plaza	-	81,549	76,599	86,436	93,416	87,444	76,339	85,281	

Notwithstanding the general decline in usage since the year 2007, there has been a consistent growth in income. See Chart 2 below which provide comparative graphical data for the toll revenues collected between April 2008 and March 2013.

Chart 2 – Total Income for Toll Roads

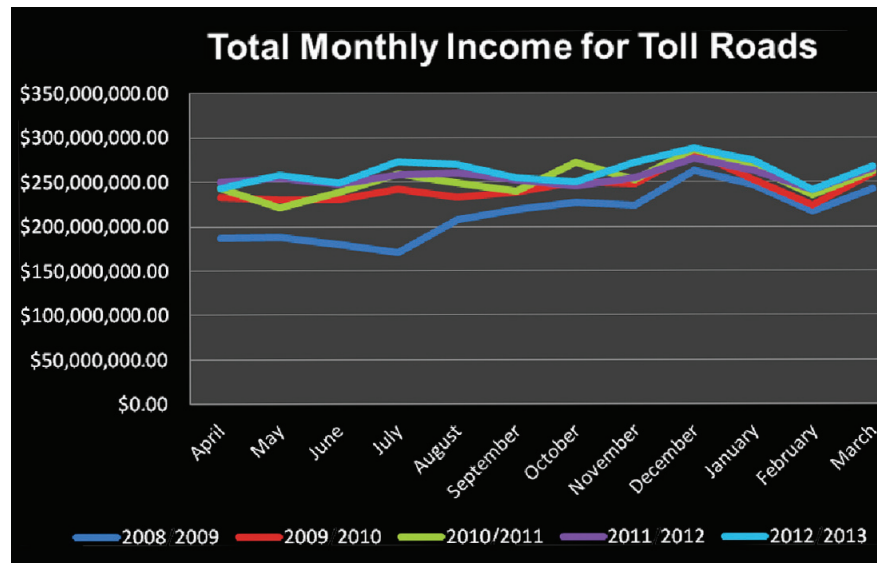


Table 6 – Below outlines the rates charged in JMD by class on each toll road.

Table 6 – Toll Rate (JMD) by Class and Toll Plaza Gate

Plaza	Class 1	Class 2	Class 3
Vineyards	270	370	700
Portmore	130	200	390
Spanish Town	90	130	250
May Pen	60	90	180

Structural Condition of Infrastructure

Road Surface: Several road surface repair exercises were conducted during 2012/2013. At the end of the period however, there was one outstanding location of minor settlement on the eastern section of the Vineyards leg. Repairs at this location will be done in the next scheduled surface maintenance repairs during 2013/2014.

Bridges: All bridges are in good structural condition. A fence which was constructed on the Bernard's Lodge Bridge has proven successful in deterring stone throwing from that bridge. The fence has also maintained well.

Fencing: Fence breach and theft continue to plague the toll roads. Animals and pedestrians entering the corridor via these breaches continued to be a point of concern. The

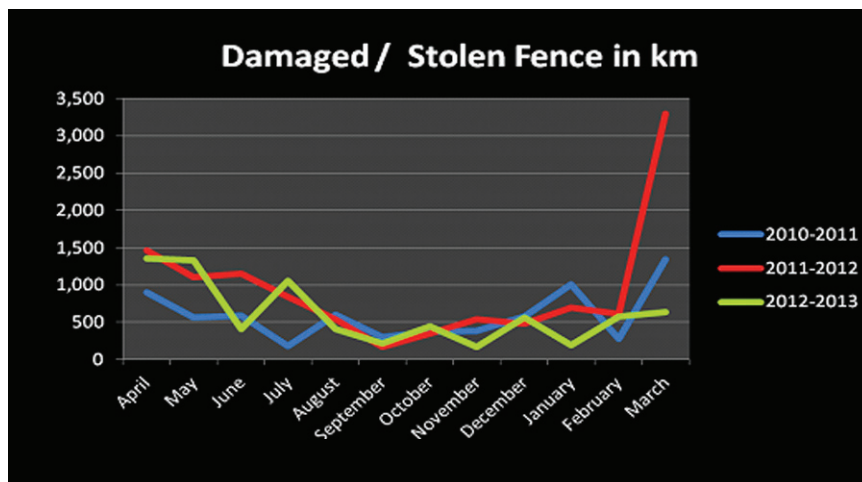
Operator attempted to repair/replace the fence as quickly as possible. However, the rate at which fence is being stolen/damaged is too high to be met with immediate repairs. The Operator resorted to replacing stolen fences with barbed wire which is a less desirable commodity to those who would remove it for their personal use.

This has proven successful as the barbed wire is seldom stolen; however, the remaining sections of chain link continue to be removed. Table 7 and Chart 3 below provide data on the quantity of fence that have been damaged or stolen.

Table 7 – Damaged/Stolen Fences in km

Description	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Stolen/Damaged	1358	1334	408	1053	403	217	444	163	563	192	576	634	7,345
Damaged	584	792	167	726	320	45	117	151	377	30	466	223	3,998
Stolen	774	542	241	327	83	172	327	12	186	162	110	411	3,347

Chart 3 – Fence Replacement April 2010–March 2013



Solar Lights: The Operator installed solar lights in selected areas along Vineyards, Spanish Town, Portmore and the May Pen leg. The lights were all commissioned and were operational during the period. The public responded positively to the installation.

Road Marking & Signs: All road markings and reflectors were maintained in good condition. The Operator’s scheduled inspections for road markings and signs were carried out in November 2012; there was no outstanding matter reported.

The sign maintenance programme continued during the year and in January 2013, the Toll Authority received a comprehensive list of sign repairs planned for 2013. These repairs will be monitored by the Toll Authority.

Toll Road Safety

Driving Against the One-way to Avoid Paying the Toll: Regulations for the installation of tyre deflation devices, “The Toll Roads (Tyre Deflation Device) Regulations”, were put into effect in March 2013. The devices will be installed during the 2013/2014 year.

Robberies and Stone Throwing: Prior to the year under review, there have been incidents of stone throwing on the Vineyards leg of the highway which resulted in

fatality on one occasion in the past. Some incidents of the stone throwing have been attributed to children playing on overhead bridges while others have been the acts of robbers intending for motorists to stop with a view to robbing them and their passengers.

Through sustained monitoring, the police had put an end to this practice in 2012. However, during the last quarter of the 2012/2013 financial year, there has been a few incidences of persons standing along the motorway and throwing stones at oncoming traffic. The matter was brought to the attention of the police.

Police Support and Effectiveness: The police continue to provide policing to the toll roads. However, during the year, there were periods when the police’s effectiveness waned.

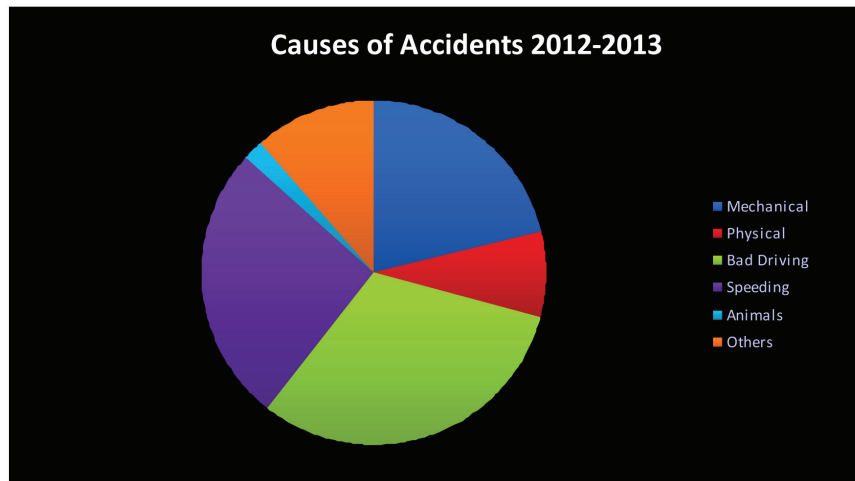
Collisions: The total number of collisions for the year 2012/2013 fell by 10.6% when compared to the previous year. There was also a decrease in the number of major collisions from 145 to 112 but an increase in minor collisions from a total of 73 to 83.

Fatalities have also been reduced by 50%. Please see Table 8 below for the yearly comparative data since 2007/2008. Chart 4 below also provides a graphical representation for the cause of these collisions.

Table 8 – Classification of Collisions

Accidents	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
Minor Collisions	180	184	109	143	73	83
Major Collisions	43	36	105	137	145	112
Total	223	220	214	280	218	195
Classification of Injury						
Minor	42	53	34	32	32	18
Serious	43	44	45	29	53	76
Fatality	15	5	5	4	6	3

Chart 4 – Causes of Collisions



Concession Agreement

One of the functions of the Toll Authority under Section 5 of the Toll Roads Act is to monitor the compliance of the “concessionaires with the terms and conditions of concession agreements”. One area critical for monitoring is the Operator’s inspection activities and the subsequent reports and follow-up actions; this is required under the Operation and Maintenance Specifications in Part 2, Schedule 3 of the Agreement with TransJamaican Highway.

Table 9 summarizes the Operator’s inspecting and reporting schedule set out as deliverables to the Toll Authority for 2012/2013:



Table 9 – TJH Inspections Reports Status

Bridge and Structure Maintenance					
Requirements: Concession Agreement	Description	Highway	Scheduled Inspection Date	Completed	Date Report Received
Sch 3, Pt2, clause 2.4	Biannual Inspection (include drainage, embankments, slope and rock cut)	T1 & T2	Jun-12	Yes	Sept 10, 2012
		T1 & T2	Jan-13	Yes	May 21, 2013
Sch 3, Pt2, clause 2.4	Comprehensive inspection carried out every 5 years	T1 & T2	None due	-	
Highway Equipment and Other Maintenance					
Requirements: Concession Agreement	Description	Highway	Scheduled Inspection Date	Completed	Date Report Received
Sch 3, Pt2, clause 2.6	Biannual Inspection (including drainage, embankments, slope and rock cut)	T1 & T2	Jun-12	Yes	Sept 10, 2012
Sch 3, Pt2, clause 2.6	Annual Inspection (including pavement markings, road studs, traffic signs)	T1 & T2	Jan-13	Yes	Mar 21, 2013
		T1 & T2	Nov-12	Yes	Jan 21, 2013



Strategic and Operational Targets – Monitoring and Maintenance

Driven by its mandate to monitor the concessionaires' compliance with the terms and conditions of the concession agreement, the Toll Authority embarked on the programmes outlined in Table 10 below. The data revealed that the Authority achieved all its targets.

Table 10 – Programmes for Monitoring the Operation & Maintenance of the Toll

MAINTENANCE MONITORING PROGRAMMES	2012/2013			Target for 2013/2014
	Target	Actual	% Achieved	
Request, inspect and review Developer's Timetable of programmed operational and maintenance activities	1	1	100%	1
Inspect, review works and records on activities carried out under Developer's Timetable of programmed activities.				
	4	4	100%	4
Review results/reports on Operator's inspections. Follow up on expected actions.	Ongoing	4 Reports reviewed. Follow-up ongoing	Ongoing	Ongoing
Verify whether there is any case of serious hazard requiring emergency repairs.	Ongoing	4	Ongoing	Ongoing
Review and verify whether measures taken by the Operator are adequate.	Ongoing	4	Ongoing	Ongoing
OPERATIONS MONITORING PROGRAMMES	2012/2013			Target for 2013/2014
	Target	Actual	% Achieved	
Garner info from road users	Ongoing	124	-	Ongoing
Inspect Operators register of written queries/complaints to determine level of successfully determined complaints.	12	12	100%	12
Review traffic levels data.	12	12	100%	12
Review frequency of accidents and incidents.	12	12	100%	12
Determine & identify shortcomings in signs or equipment which affect the convenience and safety of traffic.	Ongoing	5 identified 5 rectified	-	Ongoing
Review policing activities and efficiency of strategies and measures.	4	4	100%	4

Critical to the Authority’s monitoring mandate is the level, type and frequency of inspections carried out by the Authority’s Inspector: every effort was therefore made to ensure adherence to the inspection targets. Table 11 below, which provides the information on the inspection deliverable, reveals that there was 100% achievement of all targets.

Table 11 – Inspection Targets for the Toll Road

INSPECTION PROGRAMMES	Inspections 2012/2013			Target for 2013/2014
	Target	Actual	% Achieved	
Conduct routine inspection of infrastructure	72	72	100	72
Conduct service level reviews.	12	12	100	12
Review Operator’s report against observations.	12	12	100	12
Inspection of employee safety practices	72	72	100	72
Inspect traffic control management and safety in the public domain	72	72	100	72
Review effectiveness of general safety systems and equipment.	72	72	100	72
Investigate, verify and research claims and complaints — assist in initiating conciliation and resolution.	ongoing	ongoing		ongoing

Financial Forecast and Projects for 2013/14

The sum of \$12,469,000 was approved by the Ministry of Finance and Planning for the 2013/14 year; this was \$404,000 above the initially approved estimate for the 2012/13 year. This increase was primarily due to an increase in employee compensation and an allocation for capital items.



Toll Authority
Financial Statements
31 March 2013

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Independent Auditor's Report
to the Members of
the Toll Authority

We have audited the financial statements of the Toll Authority ("the Authority"), set out on pages 2 to 8, which comprise the balance sheet as at 31 March 2013, the income statement, 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. This responsibility includes designing, implementing and maintaining internal controls, relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and consistently applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on 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 about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate to the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Opinion

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. In our opinion, the financial statements, which have been prepared in accordance with International Financial Reporting Standards, give a true and fair view of the financial position of the Authority as at 31 March 2013, and of its financial performance for the year then ended.


Chartered Accountants

February 12, 2015


Toll Authority
Statement of Comprehensive Income
Year ended March 31, 2013

	Note	2013
INCOME		\$
Warrants received		11,471,000
		<u>11,471,000</u>
EXPENSES		
Accounting		120,000
Audit		30,000
Board meeting expense		309,000
Communication charges		308,722
Cleaning & sanitation		3,699
Depreciation		100,284
Legal & Professional fees		1,795
Miscellaneous expenses		24,028
Office rent		1,103,911
Postage and courier service		12,300
Printing, stationery & office supplies		91,718
Repairs & maintenance		18,458
Salaries and related costs		7,460,754
Subscription		19,405
Training seminar & workshop		64,682
Travelling, upkeep & subsistence		2,051,152
		<u>11,719,908</u>
Operating Deficit		(248,908)
Taxation	6	<u>0</u>
Net Deficit for the year		<u>(248,908)</u>

Toll Authority
Statement of Financial Position
31 March 2013

	Note	2013 \$
ASSETS		
Non-current assets		
Property, plant and equipment	7	240,164
Total Assets		<u>240,164</u>
EQUITY AND LIABILITIES		
Accumulated Profits/(Loss)		79,157
Current liabilities		
Payables	8	161,007
		<u>240,164</u>

The financial statements were approved by the Board of Directors on
February 12, 2015



Board Chairman



Chief Executive Officer

Toll Authority
Statement of Changes in Equity
Year ended March 31, 2013

	Accumulated Profits/(Loss) \$	Total \$
Balance at April 1, 2011	0	0
Profit for the year	328,065	328,065
Balance at March 31, 2012	<u>328,065</u>	<u>328,065</u>
Loss for the year	(248,908)	(248,908)
Balance at March 31, 2013	<u><u>79,157</u></u>	<u><u>79,157</u></u>

Toll Authority
Notes to the Financial Statements
31 March 2013

2.SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Impairment Losses

If the recoverable value of an asset is estimated to be less than its carrying amount the carrying value of the asset is reduced to its recoverable value, where an impairment loss subsequently reverses, the carrying value of the asset is increased to its revised estimate of its recoverable amount.

(d) Receivables

There are no trade receivables currently associated with the activities.

(e) Taxation

The Toll Authority being an entity created by Statutory is exempt from taxation.

(f) Payables

Payables are recorded at cost.

(g) Financial Instruments

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

(1) Fair Value

Fair value is the amount that an asset could be exchanged between knowledgeable willing parties in an arm's-length transaction.

The fair value of the Society's financial instruments, is deemed to approximate their carrying value, due to the short-term nature of their maturities.

Toll Authority
Notes to the Financial Statements
31 March 2013

1. IDENTIFICATION

Toll Authority was created by Section 4 of the Toll Roads Act, 2002, as a Statutory body and falls under the Ministry of Transport, Works and Housing.

The principal activity is to regulate the operation and maintenance of toll roads and such facilities, as may be deemed necessary on, or adjacent to toll roads. To monitor compliance of concessionaires with the terms and conditions of concession agreements and to advise the Minister on matters of general policy relating to the design, construction, safety, regulation, operation and maintenance of toll roads in Jamaica.

2. SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of Preparation**

These financial statements have been prepared in accordance with, and comply with International Financial Reporting Standards (IFRS), and comply with the requirements of the Industrial and Provident Societies Act.

The financial statements have also been prepared on the historical cost basis, except for the revaluation of available for sale investments.

(b) Property, plant and equipment

All property, plant and equipment are recorded at historical or deemed cost, less any subsequent depreciation and subsequent impairment losses.

Depreciation is charged on the straight-line basis.

The rates used are:

Furniture, fixtures and equipment	Straight-line basis	10%
Computer hardware	Straight-line basis	20%

(c) Impairment losses

An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable value. At each balance sheet date, the Society reviews the carrying value of its tangible and intangible assets to determine whether these assets have suffered an impairment loss.

Toll Authority
Notes to the Financial Statements
31 March 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial Instruments

(2) Credit Risk

Financial instruments contain an element of risk that the counter parties to a transaction may be unable to meet the terms of the agreement. The company has no significant concentration of credit risk, bank balances and short-term deposits are held with substantial financial institutions.

(3) Liquidity Risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial institutions. Managed through the Ministry of Transport, Works and Housing minimised this risk.

(4) Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will vary due to changes in market interest rates. The Toll Authority income and operating cash flow are substantially independent of changes in market rates.

3. STATUTORY DISCLOSURE

The profit for the year is arrived at after charging

	<u>2013</u>
	\$
Audit fees	30,000
Depreciation	100,284
Management remuneration	<u>7,163,616</u>

4. STAFF COSTS

	<u>2013</u>
	\$
Training seminar & workshop	64,682
Statutory contributions	<u>297,138</u>

Toll Authority
Notes to the Financial Statements
31 March 2013

5. WARRANTS ISSUED

Warrants approved for the year were \$12,583,000 of which \$11,471,000 was disbursed.

6. TAXATION

Taxation is not applicable. See Note 2 (e).

7. PROPERTY, PLANT AND EQUIPMENT

	<u>Computer</u>	<u>Office Equipment</u>	<u>Furniture & Fixtures</u>	<u>Total</u>
	\$	\$	\$	\$
Cost				
April 1,2012	740,000	332,944	166,299	1,239,243
Additions	0	0	0	0
March 31,2013	<u>740,000</u>	<u>332,944</u>	<u>166,299</u>	<u>1,239,243</u>
Depreciation				
April 1,2012	684,000	123,462	91,333	898,795
Charge	56,000	29,045	15,239	100,284
March 31,2013	<u>740,000</u>	<u>152,507</u>	<u>106,572</u>	<u>999,079</u>
Net Book Value 2013	<u>0</u>	<u>180,437</u>	<u>59,727</u>	<u>240,164</u>
Net Book Value 2012	<u>56,000</u>	<u>209,482</u>	<u>74,966</u>	<u>340,448</u>

8. PAYABLES

	<u>2013</u>
	\$
Accruals	161,007
	<u>161,007</u>

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