



**Toll Authority**  
OF JAMAICA

# ANNUAL REPORT

Financial Year 2018-2019

# CONTENTS

<b>MESSAGE</b>	<b>3</b>
from the Minister	
<b>MESSAGE</b>	<b>5</b>
from the Chairman	
The CEO's Overview	<b>6</b>
Corporate Profile	<b>8</b>
Key Performance Targets	<b>35</b>
	<b>37</b>
	Major Achievements
	<b>39</b>
	Financial Performance
	<b>40</b>
	<b>FINANCIAL FORECAST</b>
	for the 2019/2020 FY
	<b>41</b>
	<b>COMPENSATION</b> for
	the 2018/2019 FY
	<b>42</b>
	<b>AUDITED FINANCIAL</b>
	<b>STATEMENTS</b> for the 2018/2019 FY



BREAKFAST  
PERFECT START



## Message from The Minister

Authority has been doing in overseeing and ensuring that we travel on a highway network that is well maintained to the highest standards. The fact that the tolled roads have remained some of the best maintained thoroughfares in the island is no secret.

I am pleased that the number of motor vehicle crashes on the toll roads have fallen compared to the previous year. The Ministry has been actively engaging the motoring public to use the roads safely given the sharp rise in road traffic deaths. However, I am pleased that the safety measures that have been put in place are working and I am anticipating the continued reduction of motor vehicle crashes as the Ministry, the Toll Authority and the other agencies continue working on strategies to reduce it to acceptable levels.

The expansion of the tolled roads, to provide an efficient traveling experience, continues with other projects including the Sandy Bay to Williamsfield leg of the South Coast Highway corridor, and the Montego Bay Perimeter Road. These are at various stages of development but will have a significant impact on the economy when completed. The South Coast Corridor will complement the development of the Vernamfield Aeropolis and the Caymanas Special Economic Zone, linking the two.

In 2016 when this Government took office, a mandate was issued to move the country from “Poverty to Prosperity”. This included ensuring that we maintained the tight fiscal discipline aimed at reducing our debt burden while growing the economy to ensure that the future of the country is positive. The results since then have been very encouraging, with the economic indicators reflecting that Jamaica is moving in the right direction.

Developing and maintaining the country’s transportation infrastructure is a cornerstone of the economic growth strategy which the Ministry continues to champion. Whether it be sea, air or land, the Ministry has been keen to ensure that all forms of transportation are efficiently administered to contribute to the development of the country’s needs. The Toll Authority is key to this process.

We at the Ministry of Transport and Mining are understandably proud of the work that the Toll

The Montego Bay Perimeter Road will provide an efficient connection for those seeking to travel from the East to the West, avoiding the traffic bottlenecks often found on the city's road network.

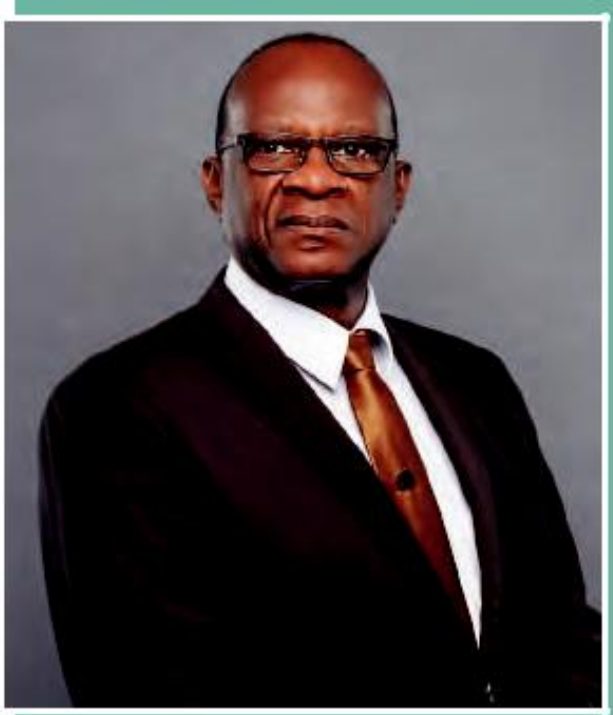
When we promised "Poverty to Prosperity" this was a challenge to all Jamaicans to take the country to where it needs to be. Achieving an unemployment rate of 7.8% is no easy feat in these challenging times. However, the resilience of our people continues to shine through. It is therefore incumbent upon us to ensure that we provide the infrastructure to support the positive indicators we are seeing elsewhere.

I wish to congratulate the management and staff who work tirelessly in ensuring that these corridors remain safe and problem free. I remain committed to providing the requisite assistance in ensuring that we not only maintain those currently in operation but provide the necessary framework for others to come on stream.



**Hon. Robert Montague**





## Message from The Chairperson

This is a significant development as the Toll Authority continues working with the operators, the police and other agencies, to ensure the proper and safe use of the roadway by all.

The Authority is keen to continue its work with the other agencies and ministries in its constant thrust to develop the transportation infrastructure that is essential to realise the necessary growth to change the economic outlook of the country. With a number of major investment projects slated for the south coast from Kingston, St Catherine and Clarendon, our work is even more important.

On behalf of the members of the Authority, I commit to the continuation of our mission to ensure that the users of our highways do so efficiently and in turn ensure that the nation's productivity endures. I am pleased that the team here at the Authority continues to rise to the challenges which an expanding highway network presents. We commit to adhering to our mission to ensure that users of our highways do so safely even as we provide a safe and secure traveling environment. We further commit to facilitating growth in our economy by working collaboratively to deliver a highway network that will cause development to flourish.

*"Infrastructure represents, if not the engine, then the "wheels" of economic activity" (World Bank Development Report, 1994)*

Since the announcement of the first toll road in 1999, an Authority was envisioned to regulate the operations of these highway corridors. The passage of the Toll Roads Act three years later and our role as Regulators, has been key to the efficient maintenance of these corridors which are vital to the nation's economy.

The Board of the Toll Authority over the past year has worked to balance the needs of our operators against those of the traveling public. The Toll operators have been quite responsive and have implemented a number of initiatives to encourage greater usage and safe transit. I am pleased to report that data from all toll booths show increased transit compared to the previous year. Overall this continues a trend observed in the previous year and is moving towards the highest recorded.

While there was a recorded increase in the usage of the various corridors, we are pleased to record that the number of motor vehicle collisions along the highways fell, compared to the previous year.

A handwritten signature in blue ink, which appears to read "Hugh Faulkner". The signature is fluid and cursive.

**Mr. Hugh Faulkner**



## Overview

### The Chief Executive Officer

“Wi likkle but wi tallawah” is an apt expression that describes us as Jamaican people, as we continue punching above our weight. I believe that this saying is also appropriate for the team at the Toll Authority of Jamaica. We continue to rise to the challenge of the ever-expanding responsibilities presented by a growing highway network. It has been said that an efficient and effective transport sector is indispensable to economic progress. It is to this end that we pride ourselves as Regulators in ensuring that the operators of both corridors adhere to the terms of the Concession Agreement. Thus, strengthening the Transport Sector as the toll road network allows for the free passage of persons, goods and services between spatial locations at the local, regional and international levels.

Over the past year, safety has been a major component of our monitoring and enforcement activities. There were a number of interventions on the various legs of the highway network spanning repairs to the roadways, perimeter fencing, and revetment among others. I am

proud of the team for achieving the targets set for inspections over the past year. We were able to complete all planned inspections and have set an even more ambitious target for the next year, which I am confident the team will meet.

We are also pleased with the passage of two major regulations; ***Toll Roads (Technical Designs, Operations and Maintenance Standards) Regulations, 2018***, which now provides the Authority with the necessary authority to enforce tenets of the various concession agreements. By virtue of the provisions of the ***Toll Roads (Register) Regulations, 2018***, the public is able to access information about the toll roads, as the Authority is now required to keep records on collisions, complaints, incidents and usage of the toll roads.

On the matter of collisions and other crashes, we embarked on a major public education campaign to encourage safe usage of the roadways. I am pleased to report that there has been significant reduction in the collisions along the two corridors, with the East-West Highway recording the most significant. We will continue our public education campaign while working with the operators on specific initiatives to ensure adherence to the rules of the road.

There has been increased usage of both corridors during this 2018/2019 financial year, when compared to that of 2017/2018.

This may have been attributed to initiatives that have been introduced by the operators to encourage members of the motoring public to use the thoroughfares.

The revamp of our website now includes a number of new components which will help to improve the experience for users of the highways and we are keen to ensure ongoing development to maintain relevance.

I continue to be proud of the team at the Authority and the work that we are able to accomplish each year. We look forward with

anticipation to the expansion of the highway network and ensuring that they are done to the high standard we have set over the years. I am confident that we will continue to ensure a safe and secure travelling environment as we do our part in developing the infrastructural landscape in Jamaica.



**Mrs. Joan Fletcher**





# Corporate Profile

The Toll Authority, an agency of the Ministry of Transport and Mining, was created under the Toll Roads Act of 2002 and became operational in 2003. The Toll Authority is mandated under the provision of the Toll Roads Act to:

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

Except for the intent to conduct activities in light of its corporate social responsibility, there is currently no plan to change the nature and scope of the activities of the Authority. Notwithstanding, there will be a small modification in the Corporate Plan for the 2019/20 year to re-align some research projects.

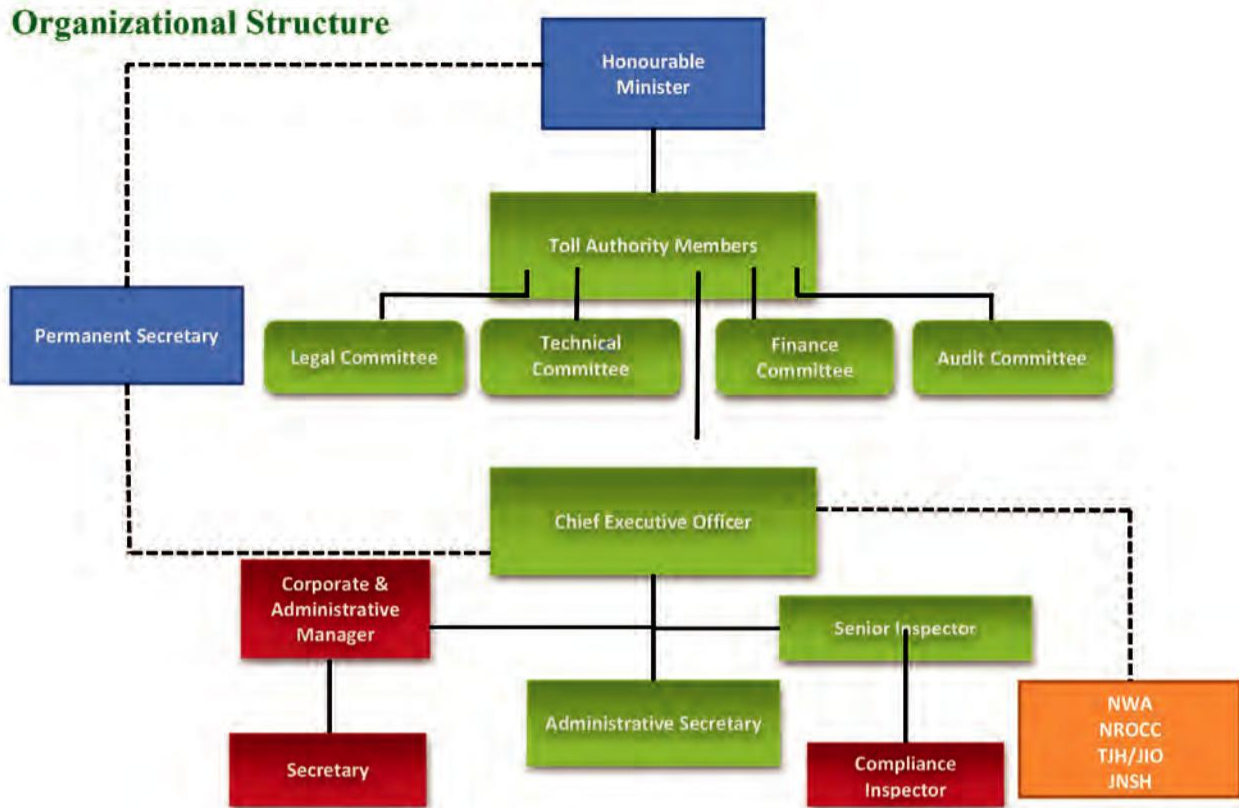
Figure 1.0 below shows the Toll Authority's Vision, Mission and Core Values



In performing the functions under the Act, the Authority must act in a manner it considers best calculated to:

- Further the reasonable interest of the users of the toll roads by establishing a system for the regulation of tolls that takes account of those interests;
- Promote the efficient, economic and profitable operation of toll roads;
- Create an enabling environment for potential investors in toll roads.

**Figure 1.1 shows the Toll Authority's Organizational Structure**



During the financial year 2018/2019, the core functions of the Toll Authority were effectively performed by six (6) full-time staff members, a part-time Accountant and a Corporate Secretary. The Ministry of Transport and Mining carried out the functions of Human Resource Management and Information Technology. By the end of the 2018/2019 financial year, the staff complement were as follows:

## MANAGEMENT AND STAFF

Mrs. Joan Fletcher	–	Chief Executive Officer (CEO)
Mr. Delon Wauchope	–	Senior Toll Inspector
Ms. Santana Williston	–	Corporate and Administrative Manager
Mr. Kevan Taylor	–	Toll Road Compliance Inspector
Ms. Laura McPherson	–	Administrative Secretary
Ms. Rose Donaldson	–	Secretary

## CORPORATE GOVERNANCE

The Board provided oversight to the Toll Authority with a view to enhancing the interests of stakeholders and offering strategic guidance and direction to the Agency. There is consistent adherence to the Toll Roads Act and Regulation, Public Bodies Management and Accountability Act as well as the Financial Administration and Audit Act. Through these efforts, a high standard of corporate governance is administered and maintained in the discharge of the Board's responsibilities whilst advancing the interests of the Highway 2000 stakeholders and users of the toll roads.



# Board Members

## OF THE TOLL AUTHORITY



### **HUGH B. FAULKNER – CHAIRMAN**

Mr. Faulkner, an attorney-at-law, is the Executive Director of the Legal Aid Council. A senior Counsel with more than 20 years' experience of practice in civil and primarily criminal law.

A graduate of CARIMAC, UWI, Mona, where he obtained a Bachelor of Arts Degree (Communication), which was followed by a Bachelor of Laws awarded by the UWI, Cave Hill. The Certificate of Legal Education was granted by the Norman Manley Law School in 1996.

He has attended numerous courses on Corporate Governance and Public Sector Administration pursuant to service on several public sector boards including Jamaica Intellectual Property Office (J.I.P.O.), Jamaica Mortgage Bank and The Mico University College. Mr. Faulkner also served as a member of the Teachers' Appeal Tribunal.

He presently occupies the position of Chairman of the Board and Legal Committee Chairman.



### **FITZBERT R. MATTIS – DIRECTOR**

Mr. Mattis is a former senior practitioner across multiple corporate entities spanning a period exceeding four decades. During that time he performed different senior management roles in auditing, accounting and financial management in the Banking, Credit Union and General Insurance sectors. His vast corporate management experiences have been utilized in the formation, establishment and growth of various successful businesses. He is a certified Corporate Governance Principles exponent.

His competencies evolved from having attained the relevant educational qualifications in the fields of Accountancy and Finance Management, having successfully acquired the award of Fellowship Institute of Financial Accountant (FAAI), London. In addition, he holds a Diploma in Advance Administration and Financial Management from the then IMP (now UCC), along with Jamaica Institute of Bankers Certificate (Banking) and Certified Project Management (University of New Orleans).

Mr. Mattis' services extend beyond hardcore day to day workplace demands and his deep desire to contribute as a social being motivates him to serve in voluntary organizations such as Junior Chamber International (he is a life member with award designation of Senator). He has held positions in the Jaycees of Jamaica (Chapter President, State of Jamaica Treasurer, Regional Officer and also held many project chairmanship). He has served as a Director in the Manchester Chamber of Commerce (Treasurer) and in the Clarendon Chamber of Commerce (again as Treasurer).

During his tenure on the Toll Authority's board during the 2008 to 2011 period, Mr. Mattis along with the present and past chairmen were instrumental in the creation of the "TOLL MONITORING FEE", to be used as a capacity strengthening mechanism. He presently occupies the position of Finance Committee Chairman.

He is the father of four children.



**TANYA T. BEDWARD, JP – DIRECTOR**

Miss Tanya Bedward (JP) is a technical officer who is employed by the Government of Jamaica at the Ministry of Transport and Mining (MTM). She has tremendous knowledge and experience in transport administration at the Central Government level, spanning the areas of transport planning, transport policy development, projects development and implementation, government procurement among others. She has taught at the University of Technology, Jamaica on a part time basis in the Urban and Regional Planning Programme for several years.

Miss Bedward is currently a Ph.D. Candidate at the University of the West Indies, Mona where she is pursuing transport studies within the Institute of Sustainable Development. She holds an MSc. in City and Regional Planning (Transport Specialization) from Georgia Institute of Technology, Atlanta, Georgia USA. Miss Bedward also has a M.Sc. from the University of the West Indies, St. Augustine, in Planning and Development; she was one of Jamaica's recipients of the 2011 Fulbright Graduate Scholarships.

In her current role as the Senior Director, Transport Policy (International & Land) at the MTM, she is responsible for addressing transport policy matters in relation to all modes of transport. Miss Bedward represents the MTM on the Boards of the Toll Authority and the Airports Authority of Jamaica.



**PATRICK L. ROSE – DIRECTOR**

Mr. Rose is a Civil Engineer with over 30 years' of experience; he earned a Bachelor of Science Degree in Civil Engineering from the University of the West Indies in 1986. He began his career in the service of the Public Works Department (PWD) of the Ministry of Construction (Works) in 1986 and has been there since, through the transition of the PWD to the National Works Agency (NWA) and is currently the Director, Planning & Research there.

His responsibilities include the processing of all subdivisions and development applications and making recommendations to the Parish Municipalities and NEPA for approval of same. Other key responsibilities are the build-out and maintenance of the country's Traffic Signal Plant and the preparation and approval of alignment for new highways island wide.

Mr. Rose represents the NWA on the Toll Authority Board and also sits on the board of trustees for the Executive Agencies Pension Scheme and is also the Chairman of the NWA Procurement Committee.



**SHERNETTE N. GUTHRIE – DIRECTOR**

Ms. Guthrie is a career banker, who has over 20 years’ experience in Commercial Banking and is currently employed in the capacity of Personal Financial Officer at National Commercial Bank Jamaica Limited. She has garnered throughout her banking career expertise in sales and needs analysis, conflict resolution and coaching, customer service and relationship building, communication and strategic planning.

The former Head Girl and graduate of Hampton School in Malvern, St. Elizabeth, holds a Master’s in Business Administration with a concentration in Banking and Finance from the Mona School of Business and Management, University of the West Indies Mona, a Postgraduate Diploma in Business Administration plus Certification in Project Management also from the Mona School of Business and Management and Certification in Jamaican Securities from the Jamaica Institute of Management.



**STEPHEN R.P. EDWARDS – DIRECTOR**

Mr. Edwards is a Civil Engineer and former Lecturer in the Faculty of Engineering and Computing at the University of Technology (UTECH), Kingston, Jamaica. He has over 10 years’ experience in the Engineering and Construction Industry and is a member of the Jamaica Institution of Engineers (JIE).

Mr. Edwards earned a Bachelor of Science Degree in Civil Engineering from Florida International University (FIU), where he was inducted into the ‘Tau Beta Pi – Engineering Honour Society’, the ‘Chi Epsilon – Civil Engineering Honour Society’, and the ‘Golden Key Honour Society’. He then went on to earn a Master of Science Degree in Construction Management from FIU. Additionally, he holds a Bachelor of Science Degree in Physics from Boston College, Chestnut Hill, Massachusetts.

Prior to becoming a university lecturer, Mr. Edwards was also a science teacher at the Holy Trinity High School and while teaching there, due to his involvement in various charity organizations, he established “The Write Path Jamaica” a charity which sources school supplies for students from low-income households. One of his core beliefs is that education is the best vehicle to create equal opportunity for all persons.

Mr. Edwards has worked as a Civil Engineer in both the Private and Public Sector, including the Housing Agency of Jamaica (HAJ) and is now the Director of Projects at the Tourism Product Development Company Ltd. (TPDCo). He presently occupies the position of Technical Committee Chairman.



### **DAVID H. P. LAZARUS – DIRECTOR**

Mr. David Lazarus is a business man with over 30 years management experience. His expertise has been in the areas of finance, property development and manufacturing. Mr. Lazarus is currently the Managing Director of Dealaz Manufacturers and Distributors Limited and Rose Hill Development Corporation.

As a member of the Board of Directors of Toll Authority, his responsibilities as a member of the Technical Committee is for oversight in all areas of safety for the road users as well as oversight for

all standards and regulations to be adhered to by the concessionaires. Mr. Lazarus' knowledge of the operation of the Toll Authority is a long standing one, as he has previously served on the board (2008 to 2011).



### **PAULA R. E. FLETCHER – DIRECTOR**

Mrs. Fletcher has had over 40 years working experience as a management specialist, mainly in the social sector area. She has a Master in Business Administration (MBA) Honours [Finance] (University of the West Indies, Mona). She has also been certified in the areas of Traffic Safety Management – Local & International (International Development Cooperation Agency, Sweden and National Road & Transport Research, Sweden, 1997), Road Safety Audit Management (conducted in Jamaica by the Aston University, Birmingham, 2012), Defensive Driving and Driver Behaviour & Training (Psychology), Risk

Index et al (conducted in Jamaica by the University of North Florida and conducted in Paris, France by the Crandon University, UK).

Strategic planning, project planning, formulation, execution/implementation/management and evaluation have been a major focus particularly in the many years spent at the Planning Institute of Jamaica (PIOJ) and as head of the Canadian Cooperation Office which reported to the Canadian International Development Agency (CIDA). This involved dealing with the execution of cooperation agreements between Jamaica and other countries as well as with multilateral organizations.

Mrs. Fletcher has been employed from 1996 to present, as the Executive Director of the National Road Safety Council (NRSC), the Lead Agency for the promotion of road safety in Jamaica. The Agency is mainly responsible for executing the mandate of the NRSC to reduce the level of crashes, which cause fatalities and injuries, thereby lowering the burden on society in terms of both human suffering and financial costs. This entails utilizing the above skill sets in developing and implementing road safety policies, strategies and activities in the areas of engineering and traffic environment, enforcement and legislation, emergency response and public education. The Council is chaired by the Prime Minister.

She presently occupies the position of Audit Committee Chairman.





**DAPHNE R. TAYLOR – DIRECTOR**

Ms. Taylor is a consultant (political) to Hon. Lester Michael Henry and a teacher by profession. A graduate of Shortwood Teachers College, she spent several years in the government service going from school to school. She also worked as a Social Worker with the Ministry of Housing. She has responsibility for several volunteer organizations and is a member of the May Pen Hospital Board.



**CALVIN L. ALLEN – DIRECTOR**

Mr. Allen is currently the Assistant Commissioner of Police (ACP) in charge of the Operations Branch with a wealth of knowledge and experience in Strategic Operational Planning and Implementation in the Jamaica Constabulary Force (JCF).

He earned a Master of Science Degree in National Security and Strategic Studies and a Certificate in Management Studies from the University of the West Indies. He also holds a Certificate in Caribbean Defence & Security from the National Defence University for Hemispheric

Studies, Washington D.C. and completed a course at the Strategic Command Level at the JCF Staff College.

In 2012, the Governor General presented him with the Medal of Honour for Meritorious Service, on Her Majesty the Queen Diamond Jubilee and a Medal of Honour for Efficient Service. In April 2015, he was also awarded a Certificate of Appreciation from the White House for the Excellent Traffic Management Services provided during the visit of President Barack Obama to Jamaica.

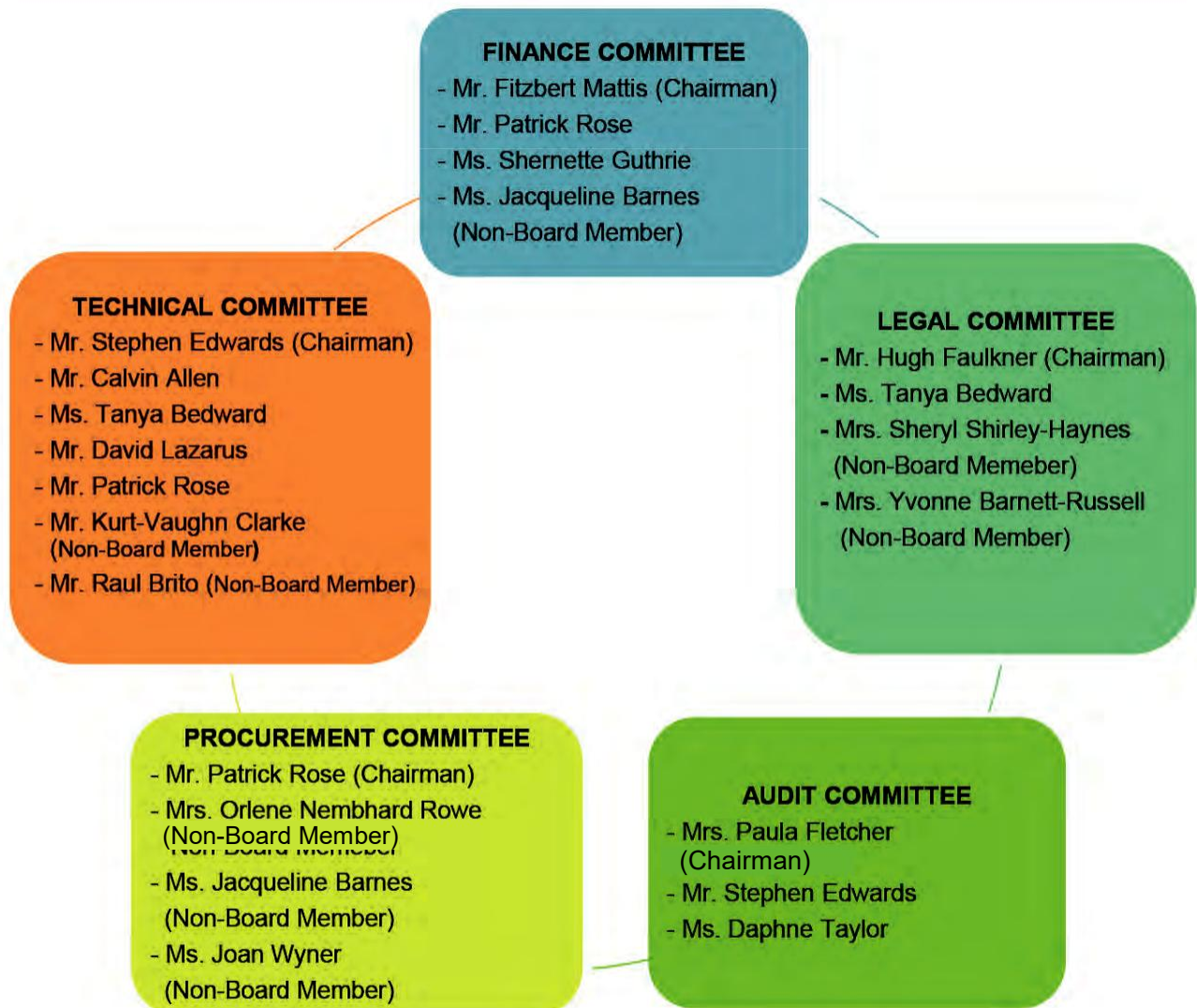
ACP Allen is the current Vice President of the Board of Directors for the Public Sector Employees Co-operative Credit Union Limited and he currently represents the JCF on the following boards - Toll Authority, Transport Authority, ODPEM and the Island Traffic Authority. He is a past Chairman of the Officers' Association where he led several successful negotiations; in 2017, his visionary leadership resulted in the construction and official opening by the Prime Minister, of the Traffic Division Road Safety Hub, the first of its kind in Jamaica and the Caribbean; the result of a rich partnership established with corporate Jamaica.

He is a motivational speaker who firmly believes in discipline and that God's grace and mercies has guided and enabled his progress. Additionally, he is sports enthusiast. He is married and is the proud father of two children.

## COMPOSITION OF THE BOARD

During the 2018/2019 Financial Year, the Toll Authority benefitted from the stewardship of a Board of Directors comprising of 10 members. These members shared competencies in business law, finance, engineering, auditing, research, and policy development. The Board assigned responsibilities to sub Committees to provide direction on specific strategic initiatives and to effectively execute and strengthen its governance function. The Toll Authority's Board of Directors is divided into five (5) committees, namely: Audit, Legal, Finance, Technical, and Procurement. Each Committee is guided by a Terms of Reference which outlines its roles and responsibilities. They review and monitor policies, with the guidance and ratification of the Board of Directors. As such, the Board acts on the recommendations of the Committees following their review and advice on proposals submitted by The Toll Authority's Management team. No performance evaluation was done for the Board and its members during the year. The plan going forward is to ensure that this is done annually.

*Figure 1.2 below shows the Committees of the respective Boards*



## BOARD AND COMMITTEE MEETINGS

During the 2018/2019 Financial Year, the Board of Directors of the Toll Authority had a total of five (5) meetings. A special Strategic Planning Retreat was held in November 2018 to discuss the direction for the 2019/2020 Financial Year. The Committees met frequently to discuss matters within their remit and advised the Board accordingly. The Toll Authority held several Strategic Planning meetings to ensure that the implementation of same were in alignment with the budget.

*Figure 1.3 below shows the Board of Directors' Meeting Attendance*

### ATTENDANCE AT BOARD AND COMMITTEE MEETINGS April 2018 - March 2019

DIRECTORS	BOARD MEETINGS (5)	FINANCE COMMITTEE (12)	TECHNICAL COMMITTEE (5)	LEGAL COMMITTEE (4)	AUDIT COMMITTEE (1)	PROCUREMENT COMMITTEE	STRATEGIC PLANNING MEETINGS (4)
Mr. Hugh Faulkner	4			4			3
Mr. Fitzbert Mattis	5	12					4
Mr. Patrick Rose	4	10	4		1		4
Ms. Shernette Guthrie	3	7					
Mr. David Lazarus	5		5				
Ms. Tanya Bedward	3		3	3			4
Ms. Daphne Taylor	1				1		
Mr. Calvin Allen	3		4				2
Mr. Stephen Edwards			3				3
Mrs. Paula Fletcher	5				1		3

# Committee

## REPORTS

### FINANCE COMMITTEE

Mr. Fitzbert Mattis chaired the Finance Committee during the 2018/2019 Financial Year; he along with its three (3) member complement met on a monthly basis to review the Authority's Financials. A total of thirteen (13) meetings were held throughout the year. Highlighted below were the areas of topical discussion:

1. Monthly Financials;
2. Allocation of monitoring fees;
3. Investment options for the Toll Authority's Funds;
4. Monthly cash flow forecast;
5. Financial Statements and Audit Report for the Annual Report;
6. Board of Director's meeting expenses;
7. Budgetary Projections;
8. Monthly GCT payments to Tax Administration of Jamaica.

### TECHNICAL COMMITTEE

Mr. Stephen Edwards chaired the Technical Committee during the 2018/2019 Financial Year; he along with its five (5) member complement met and discussed the following:

1. Applications from the Concessionaires for the closure of toll lanes and giving direction for general traffic management and safety issues;
2. Technical matters requiring the input of the Toll Authority which included:
  - a) Technical standards;
  - b) Toll road safety issues;
  - c) Design related issues;
3. Issues relating to the use, benefit, and optimization of the highway;
4. Slope Protection activities on the North-South Highway;
5. The installation of raised pavement markers (cat-eyes) and lane markings on the Highway;
6. The issue of Hydroplaning on sections of Highway 2000;
7. The need for repairs to the escape lanes along K62 & K65 of the North-South Highway;
8. The assessment of repairs to settlements on the East-West Highway;
9. The presence of Advertisements on the North-South Highway and the safety concerns;
10. The synchronization of the Anniversary Date for the Varying of Toll Rates;
11. The road rehabilitation planned for Newport West.

## LEGAL COMMITTEE

Mr. Hugh Faulkner chaired the Legal Committee during the 2018/2019 Financial Year; he was supported by a three (3) member team that oversaw the responsibilities of the committee that:

1. Advised the Board of Directors on the legislative framework governing the Authority as well as making recommendations and suggestions for amendment;
2. Reviewed the laws and related documentation;
3. Made recommendations on policies which have legal implications;
4. Discussed the synchronization of the Anniversary Dates for the Varying of Toll Rates;
5. Reviewed the new Toll Road Regulations;
6. Discussed the proposal to Integrate the Authority into the Ministry of Transport and Mining;
7. Discussed the expansion of the Legal Committee.

## AUDIT COMMITTEE

Mrs. Paula Fletcher chaired the Audit Committee during the 2018/2019 Financial Year; she was supported by a two (2) member team that oversaw the responsibilities of the Committee that advised the Board on:

1. a. Practices and procedures which will promote the productivity, quality and volumes of service;
- b. The extent to which the objectives of the organization are being achieved; and
- c. The adequacy, efficiency and effectiveness of the accounting and internal control and systems of the organization;
2. The financial statements included in the organization's annual report;
3. Internal audit of the organization;
4. The annual auditor's report
5. Any ongoing audit or scheduled audit to be carried out.

# Report of THE BOARD OF DIRECTORS

## TOLL ROADS OF JAMAICA

The Jamaican toll roads comprises of three (3) sections:

**THE EAST-WEST LINK** which is managed by the Concessionaire **Trans Jamaica Highway Limited (TJH)**. However, the day to day operation and maintenance of this toll road falls within the remit of the Jamaican Infrastructure Operator (JIO). This link is comprised of the:

1. **Vineyards, Spanish Town and May Pen Toll Roads (T1):** From Mandela Highway to May Pen - approximately 45 kilometres (includes Phase 1B ~ 12 kilometres from Sandy Bay to May Pen);
2. **Portmore Toll Road (T2):** From Marcus Garvey Drive to Portmore- approximately 6 kilometres.

**THE NORTH-SOUTH LINK** which is managed and operated by the Concessionaire **Jamaica North-South Highway Company Limited (JNSHC)**.

3. The approximately 64 kilometres long roadway is divided into 5 distinct sections: Caymanas to Angels, Angels to Linstead, Linstead to Unity Valley, Unity Valley to Lydford and Lydford to Mammee Bay (Ocho Rios).

## THE CONDITION OF THE INFRASTRUCTURE ON THE EAST-WEST TOLL ROAD (TJH)

### OPERATIONS & MAINTENANCE HIGHLIGHTS

**Road Surface:** The road surfaces were generally in good condition. All pavement works along the highway were completed by August 2018. JIO sprayed additional Rhinophalt along certain sections of the highway, giving a durable seal to prevent water ingress and to dramatically slow further oxidization due to weathering and UV degradation.

**Bridges:** Varying degrees of repair work will be required on some expansion joints of most composite bridges along the toll road. Some expansion joints have been completely deteriorated, allowing water leakage. The Toll Authority recommended the replacement of these joints with mechanical-type joints similar to those used at The Hunts Bay Bridge. This would eliminate the problem of the joint failure and the dislodgement of the joint filled material as a result of corrosion.

**Drainage Structures:** Except for some isolated areas, the highway drainage and structures are in good condition. The kerb drains are generally in good condition, except for a few drains where restrictions were detected due to shrubs, cut vegetation and silt. Silt buildup was noticeable in several chutes. This buildup was mainly due to surface water washing the silt down

to the base of the chutes. Routine cleaning of chutes were necessary to ensure continuous flow of surface water from the kerbs via the chutes to the lined and unlined toe drains.

**Road Marking and Signs:** All lane markings and replacement of raised pavement markers (cat-eyes) along the highway were completed in the third quarter of 2018/2019.

**Fences:** The replacement of damaged and stolen fences continued to be an expensive venture for TJH/JIO. The Jamaica Constabulary Force (JCF) found several persons of interest in relation to the stolen fences and assured that after investigations are conducted, prosecutions will follow.

### **THE CONDITION OF THE INFRASTRUCTURE ON THE NORTH-SOUTH TOLL ROAD**

**Road Surface:** The road surfaces were generally in good condition. The Escape Lanes along the highway were not built in accordance with the American Association of State Highway and Transportation Officials (AASHTO) standards and the design is currently being reviewed.

**Bridges:** There was currently no observed structural deficiency associated with the bridges. JNSHC has submitted their Bi-Annual Inspection Report for the bridges. After reviewing same, the Toll Authority found no objections or cause for concern.

**Drainage Structures:** The drainage structures along the highway seemed to be in good condition. JNSHC submitted a drainage report highlighting a number of issues and corresponding corrections recommended ranging from minor cleaning to erosion control measures. The year 2018/2019 had fewer showers than previous years; hence the full capacity of the drainage system was not tested.

**Road Marking and Signage:** JNSHC ordered more signs to be installed between K61 and K65 which has now been converted to a 60 km/h zone with a view to lowering the number of collisions. “**SLIPPERY WHEN WET**” signs were placed in strategic positions to deter motorists from speeding during rainy conditions. Speeding on wet surfaces continued to be a major contributor to accidents along the highway.

**Fencing:** There has been minimal theft of fencing along this corridor. JNSHC has replaced all stolen and damaged chain link fencing with barbed wire. Theft and vandalism is of great concern to all stakeholders as it creates safety issues and is proving very costly to replace.

# Highlights

## OF MAINTENANCE WORK ON THE NORTH-SOUTH HIGHWAY

**Figure 1.4**



**Figure 1.4** - above shows landscaping being done by a tractor along the buffer area. Apart from ensuring that traffic signs remain visible, debushing of the area was done on a regular basis.

**Figure 1.5**



**Figure 1.5** - above shows the construction of a rubble retaining wall. This was done to protect the embankment material from being washed down into the V- Drain.



**Figure 1.6**



**Figure 1.6** - above shows the construction of a retaining wall along the roadway. This was done to prevent the embankment from collapsing.

**Figure 1.7**



**Figure 1.7** – above shows the final touches being done to the new gas station. The gas station began serving customers in 2019.

# Highlights

## OF MAINTENANCE WORK ON THE EAST-WEST TOLL ROAD

**Figures 1.8**



**Figure 1.8-** above shows images of repairs being conducted on the east and westbound lanes of the East-West Highway. These repairs involved milling to remove the worn upper layer of the existing asphalt, after which a layer of inlay paving was placed on top of the milled surface. Finally, an asphalt overlay was placed on top to finish the process.

**Figure 1.9**



**Figure 1.9** – above shows the Toll Road Inspector checking the tyre shredders to ensure that they are in proper working order. This has to be done on a bi-annual basis before recertification by the Toll Authority.

**Traffic Trends for the East West Highway (Trans Jamaican Highway) of the Toll Road for the 2018/2019 Financial Year.**

The growth in traffic on the Vineyards, Portmore and May Pen toll roads, continued on a positive trend. The Financial Year 2018/2019 experienced the highest levels of usage when compared to that of the previous four years. However, Spanish Town was quite the contrary, as its usage has decreased since March 2016; this decrease may be attributed to the opening of the North South Highway. Please see figures 2.0 to 2.3 which provide details of the traffic trend for the financial years 2015/ 2016 to 2018/2019.

**Figure 2.0 VINEYARDS TOLL PLAZA –TRAFFIC TREND**

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
<b>2015/16</b>	299,431	302,172	293,560	316,281	319,200	283,021	296,651	296,299	372,252	328,128	290,518	333,418	3,73,0931
<b>2016/17</b>	321,670	322,952	316,922	335,845	335,866	301,613	294,002	311,474	382,809	341,209	296,858	335,505	3,896,725
<b>2017/18</b>	326,377	330,974	333,403	347,620	349,308	308,803	322,073	332,328	394,060	360,630	310,940	368,454	4,084,970
<b>2018/19</b>	372,931	366,357	367,184	385,190	400,411	338,219	355,369	357,439	424,605	393,907	343,624	387,796	4,493,032

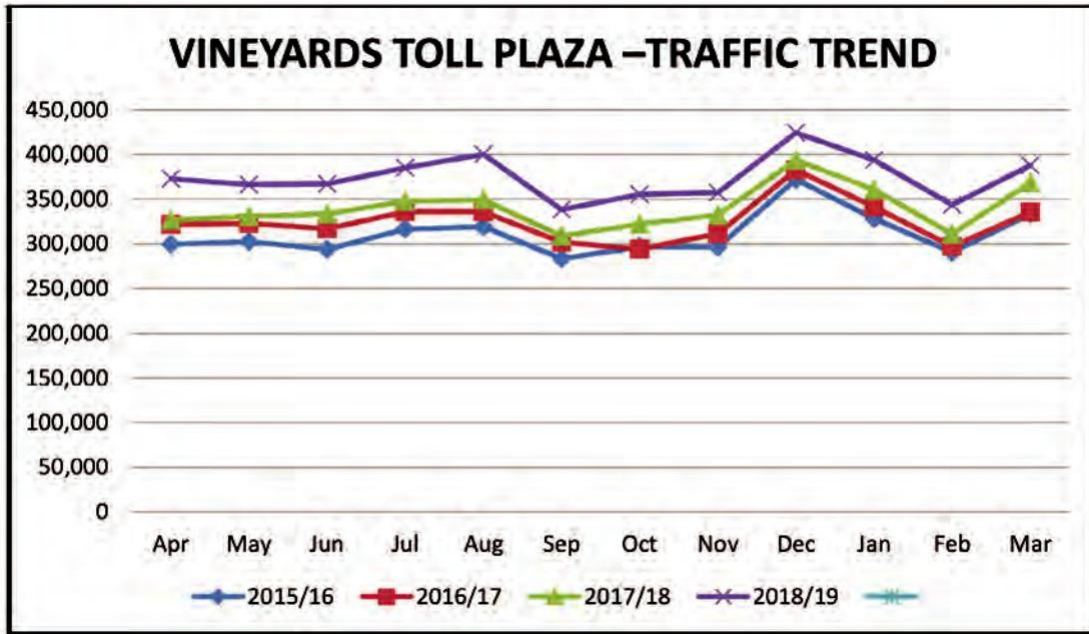


Figure 2.1- SPANISH TOWN TOLL PLAZA –TRAFFIC TREND

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
2015/16	150,710	156,913	158,455	159,581	146,030	158,833	162,226	159,936	179,422	165,496	155,865	138,939	1,892,406
2016/17	119,536	115,462	114,262	107,875	103,696	116,397	104,979	125,405	130,888	124,808	118,016	130,417	1,411,741
2017/18	111,405	125,327	127,275	116,938	110,110	121,033	123,451	128,750	125,164	131,233	115,827	134,280	1,470,793
2018/19	122,723	125,437	126,309	121,489	116,652	117,849	125,247	128,358	127,322	136,326	131,270	137,892	1,516,874

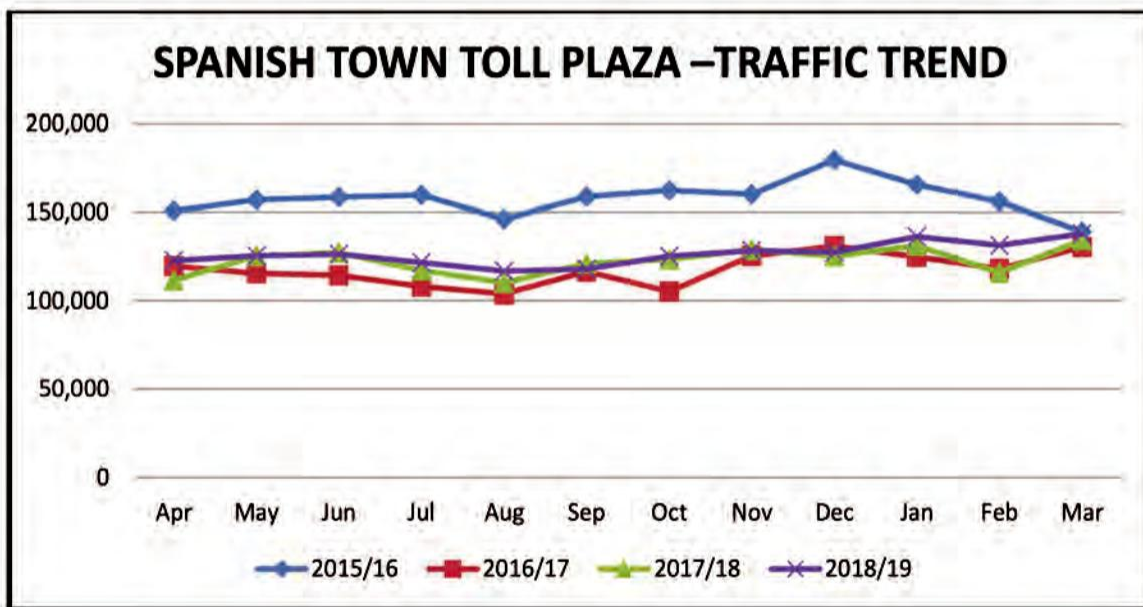


Figure 2.2 – PORTMORE TOLL PLAZA –TRAFFIC TREND

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
2015/16	901,156	936,909	932,799	931,873	868,845	928,762	997,714	949,036	1,022,674	975,123	893,883	996,975	11,331,797
2016/17	972,246	978,748	971,024	930,919	905,491	965,663	909,783	980,823	1,072,525	1,087,833	1,008,222	1,102,433	11,328,818
2017/18	1,004,004	1,090,850	1,118,113	1,085,594	1,023,807	1,061,432	1,119,120	1,142,854	1,164,161	1,172,842	1,041,956	1,206,783	13,220,510
2018/19	1,191,261	1,218,595	1,154,988	1,157,827	1,136,153	1,163,840	1,250,417	1,285,800	1,244,126	1,252,929	1,131,822	1,254,436	14,574,254

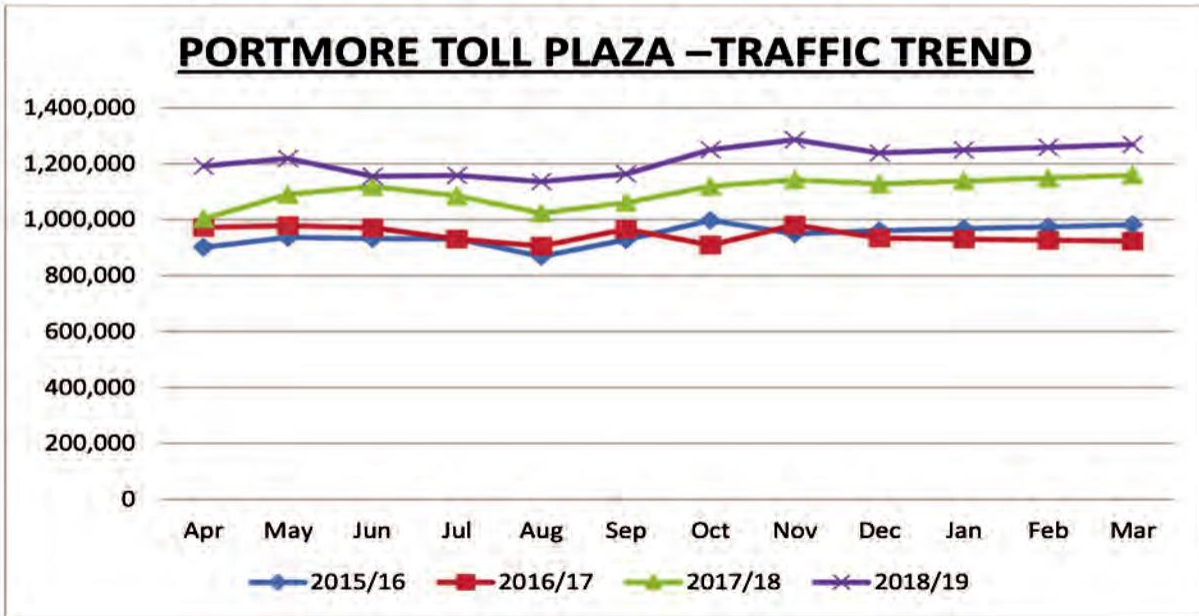


Figure 2.3- MAY PEN TOLL PLAZA –TRAFFIC TREND

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
2015/16	228,693	230,827	222,780	245,751	253,852	216,457	227,694	228,559	294,140	275,315	246,991	287,749	2,958,808
2016/17	278,024	282,020	276,898	305,668	308,470	275,543	270,388	284,037	351,748	313,914	273,493	311,495	3,531,698
2017/18	309,485	307,967	307,007	330,172	335,343	287,822	300,967	309,030	372,680	340,236	295,536	335,921	3,832,166
2018/19	324,707	321,778	317,394	338,424	360,884	302,454	320,059	319,382	381,147	354,808	308,672	349,064	3,998,773

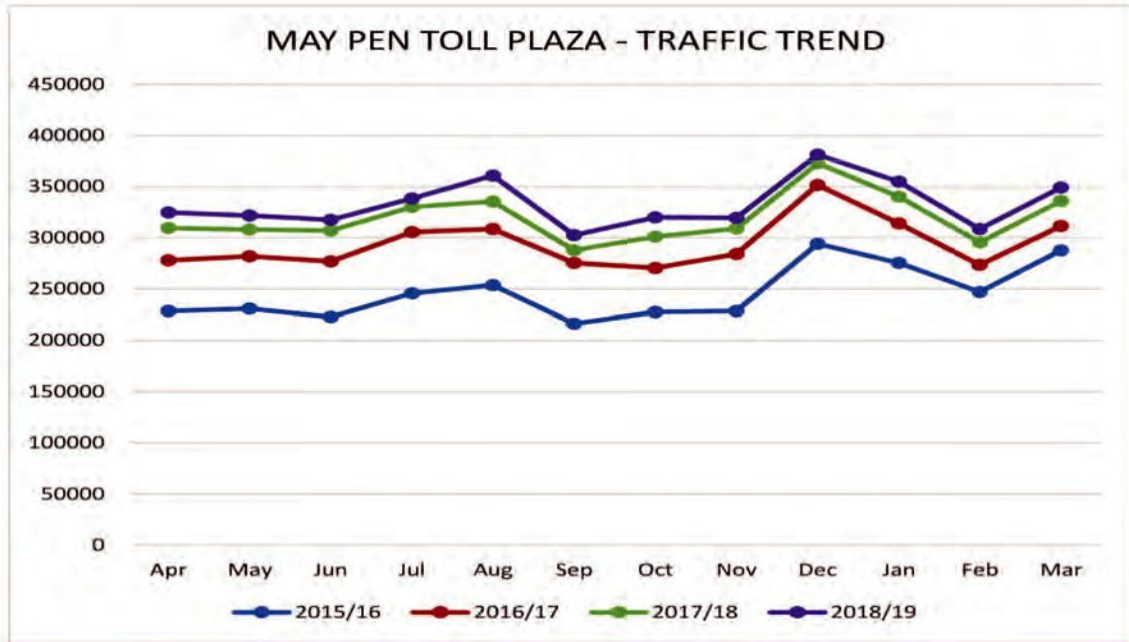


Figure 2.4

"AVERAGE DAILY TRAFFIC BY TOLL PLAZAS (East West Highway)											
PLAZA	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Vineyards	11,722	10,674	9,793	10,305	10,148	9,622	9,615	10,090	11,498	11,191	12,075
Spanish Town	5,169	5,028	5,125	5,244	5,282	4,763	4,692	5,188	3,868	4,029	4,089
Portmore	37,025	35,006	33,254	32,797	31,884	31,184	29,943	30,847	32,564	36,251	38,971
May Pen						7,360	7,378	7,720	9,675	10,499	10,843
<b>Total</b>	<b>53,916</b>	<b>50,708</b>	<b>48,172</b>	<b>48,346</b>	<b>47,314</b>	<b>52,929</b>	<b>51,628</b>	<b>53,845</b>	<b>57,605</b>	<b>61,970</b>	<b>65,978</b>

Figure 2.4 above gives comparative data on the average daily traffic of all the Toll Plazas on the East-West Highway. For the 2018/2019 Financial Year the average daily traffic was 65,978. This reflected an increase in usage of 4,008 (6.5%) when compared to the previous year, which had an average daily traffic of 61,970.

**Traffic Trends for the North-South Highway during the 2018/2019 Financial Year**

Figures 2.5 to 2.7 below gives a detailed display of the Traffic Trends for the North South Highway during the said period. November 2018 had the highest monthly traffic trend of 16,080 and December recorded the highest traffic count of 364,982. During the financial year, traffic on the North-South Highway increased by approximately 583,126 when compared to that of the 2017/2018 Financial Year. The North-South Highway had a total traffic count of 3,938,254 for the year under review; as opposed to a total traffic count of 3,355,128 in the previous financial year.

**Figure 2.5 - MONTHLY WEEKEND TRAFFIC TREND**

	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
2016/2017	9,842	10,964	9,679	10,978	11,570	9,799	10,260	10,104	14,394	10,693	9,992	9,294
2017/2018	10,630	9,381	9,609	13,817	10,996	9,281	10,220	10,160	14,519	10,756	10,567	12,743
2018/2019	11,827	13,943	10,744	10,963	11,796	9,715	10,665	10,580	11,606	11,319	10,385	11,077

**Figure 2.6 - HIGHEST TRAFFIC TREND PER MONTH**

	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
2016/2017	10,292	10,988	10,201	11,597	10,778	9,819	10,060	9,717	11,194	10,124	9,516	9,951
2017/2018	11,264	11,854	10,719	11,402	10,715	10,354	11,204	10,884	11,194	11,481	11,364	13,026
2018/2019	13,136	11,924	12,626	13,273	13,300	11,575	13,454	16,080	14,388	13,135	11,887	13,971

**Figure 2.7 - TOTAL TRAFFIC COUNT FOR THE YEARS 2016-2019**

	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
2016/2017	246,620	257,026	256,485	287,343	1281,046	230,418	229,216	235,127	287,880	260,683	224,543	292,229
2017/2018	263,919	265,492	258,721	287,294	282,759	248,027	272,095	272,327	323,009	299,204	270,137	312,144
2018/2019	318,647	310,777	313,699	342,888	358,164	292,019	327,804	323,731	364,982	344,249	294,032	347,262

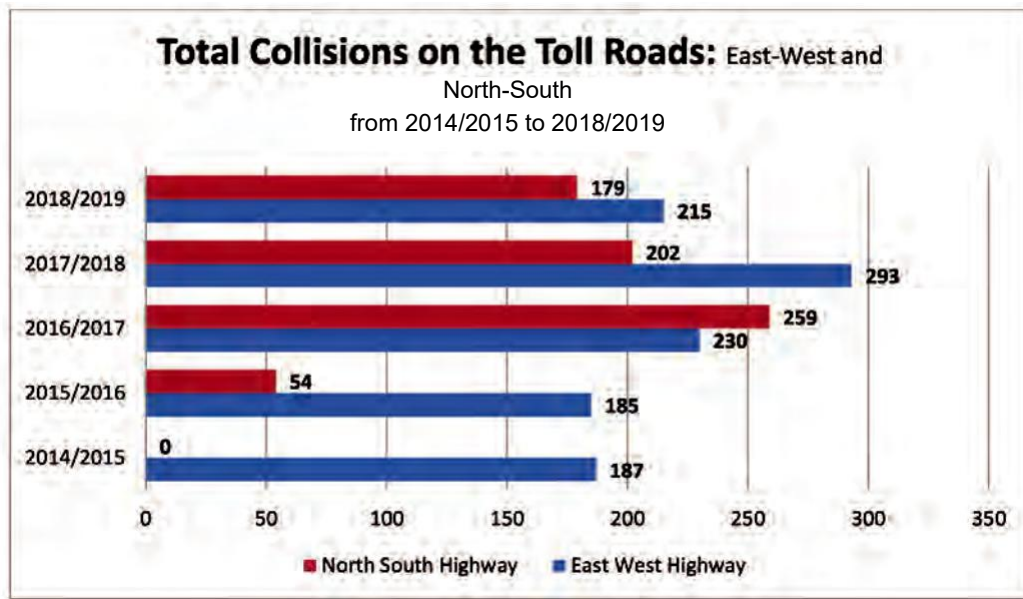
**Figure 2.8**

Average Daily Traffic – North South Highway-Mt. Rosser Comparing 2014/15, 2015/16, 2016/17, 2017/18 & 2018/19					
Month	2014/15	2015/16	2016/17	2017/18	2018/19
April	-	4,439	8,203	8,766	10,622
May	-	4,252	8,567	8,849	10,018
June	-	4,081	8,550	6,624	10,401
July	-	4,644	9,287	9,576	11,055
August	-	4,988	9,341	9,121	11,549
September	3,024	3,714	7,433	8,267	9,729
October	3,550	3,635	7,330	8,760	10,569
November	3,340	3,620	7,572	9,077	10,740
December	4,051	4,412	9,310	10,412	11,774
January	4,221	3,973	8,332	9,652	11,097
February	4,062	4,237	8,014	9,648	10,493
March	4,044	4,960	8,327	10,069	11,194

**Figure 2.8** above shows the average daily traffic on the **North-South Highway** from September 2014 to March 2019. The highway was opened in September 2014 with only the Mount Rosser Leg, which accounted for the absence of data from April to August. The data for the 2015/2016 Financial Year, also showed the average daily usage for each month. All sections of the North-South Highway (64 kilometres) were opened during the 2016/2017 Financial Year. During the 2018/2019 Financial Year there was a slight increase in the average daily traffic.

**TOTAL COLLISIONS ON THE TOLL ROAD PER ANNUM**

**Figure 2.9**

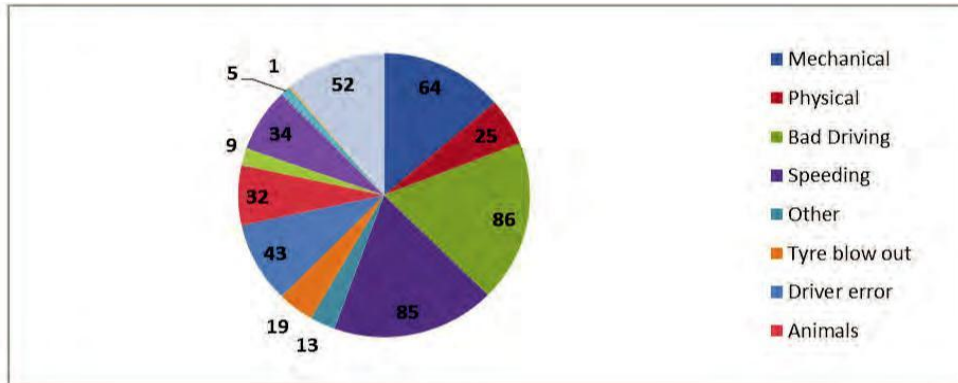


**Figure 2.9** above shows the total collisions on the East-West and the North-South Highways. There were 215 collisions on the East-West Highway during the 2018/2019 Financial Year, whilst in 2017/2018 there were 293 thereby reflecting a decrease. There were 45 more collisions in 2016/2017 than in 2015/2016, which had 185 incidents of collisions; the number of collisions further increased by 63 in 2017/2018.

The collision data on the North-South Highway for the 2015/2016 financial year was in relation to the Mount Rosser segment only. All sections of the North South Highway (64 kilometres) were opened during the 2016/2017 Financial Year.



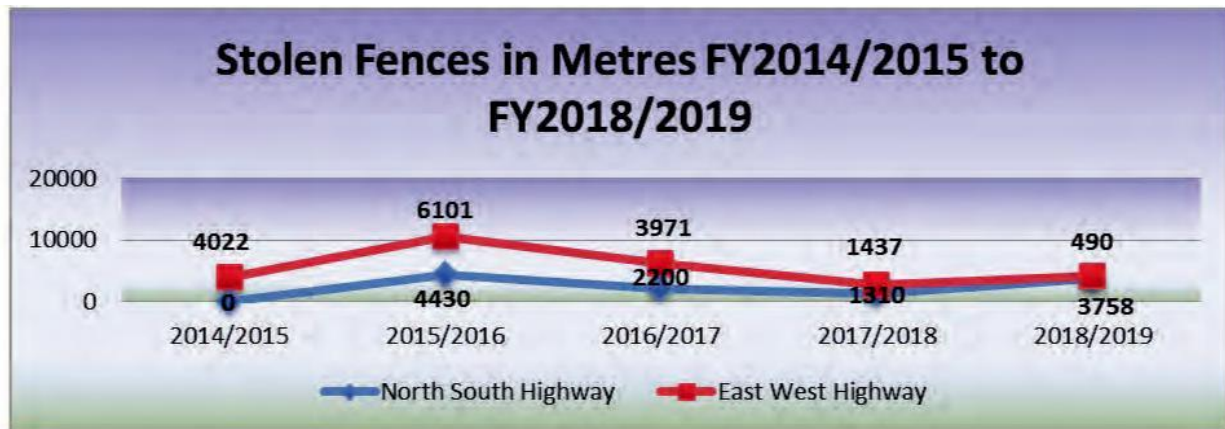
**Figure 3.0 – PIE CHART SHOWING CAUSES OF COLLISION ON TOLL ROADS**



**Figure 3.0** above shows the identifiable causes of collisions on the North-South and East-West toll roads during the 2018/2019 Financial Year. Speeding resulted in a total of 85 collisions while speeding on a wet roadway accounted for 34 collisions; mechanical failure and bad driving played major roles in the collisions on the toll roads of 64 and 85 respectively.

**STOLEN FENCE IN METRES FOR THE EAST-WEST AND NORTH-SOUTH**

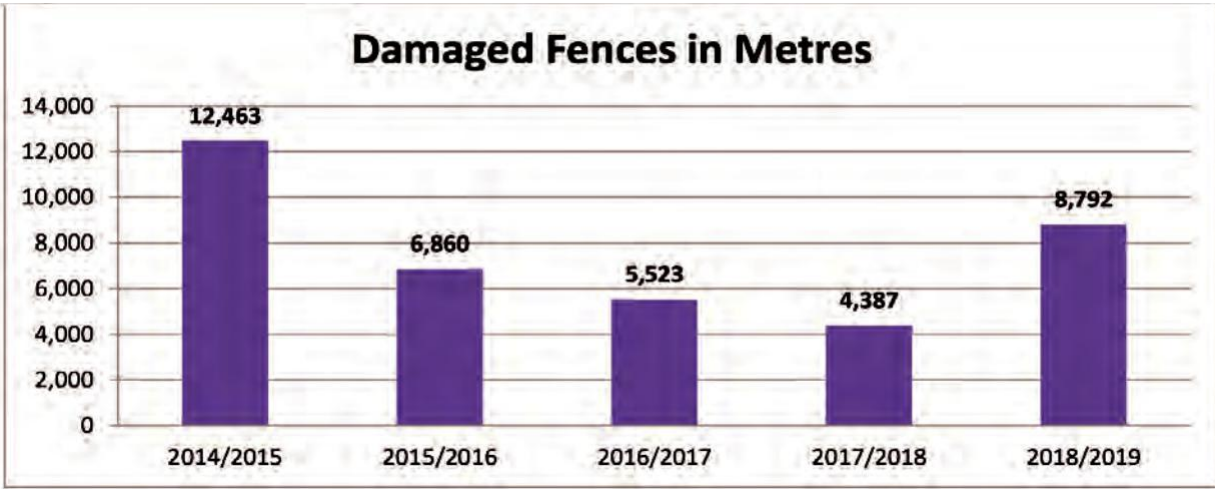
**HIGHWAYS Figure 3.1**



**Figure 3.1** above shows stolen fences in metres on both legs of the toll road. Since the 2014/2015 Financial Year, there has been a significant reduction in the number of metres of fencing that has been stolen from the East-West Highway. During the 2018/2019 Financial Year, 490 metres of fencing were stolen on the East-West Highway and 3,758 metres on the North-South Highway. On the other hand, the North-South Highway saw a reduction in the amount of fencing stolen for the year under review.

**DAMAGED FENCES IN METRES FOR THE EAST-WEST HIGHWAY**

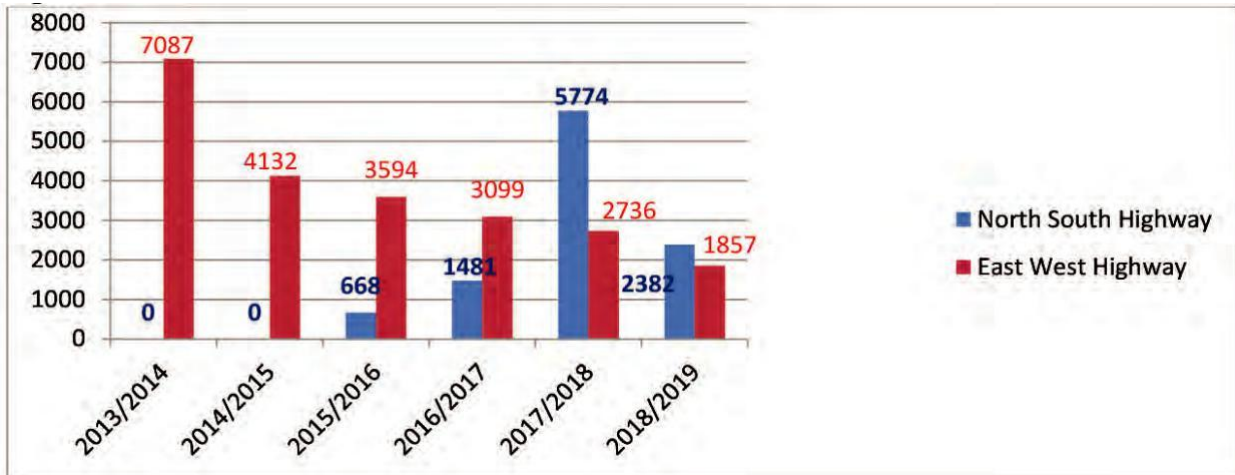
**Figure 3.2**



**Figure 3.2** above shows damaged fences in metres on the East-West Highway for the financial years 2014/2015 to 2018/2019. A total of 8,792 metres of fences were damaged during the 2018/2019 Financial Year; this represented an increase of 4,405 metres of damaged fences in comparison to the figures in the previous financial year. A total of 6,860 fences were damaged in 2015/2016, however the 2014/2015 period had the highest metres of damaged fences which totaled 12,463.

**ANIMALS ON THE EAST-WEST AND NORTH-SOUTH HIGHWAYS PER**

**ANNUM Figure 3.3**



**Figure 3.3** above shows the number of animals sighted on the East-West and North-South Highways during the 2013/2014 to 2018/2019 Financial Years. A total of 2,382 animals were sighted on the North-South Highway and 1,857 on the East-West Highway.

**Figure 3.7**

Types of Animals Sighted on the East West Highway During the 2018/2019 FY													
Animals	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Goats	160	142	71	132	156	163	109	198	54	136	263	103	1,787
Others	3	4	3	1	13	1	14	4	4	7	11	5	70
Total 2018/2019	163	146	74	133	169	164	123	202	58	143	274	108	1,857
Total 2018/2019	190	213	102	211	284	219	171	262	333	292	194	265	2,736

**Figure 3.7** above shows details of the types of animals sighted on the East-West Highway during the 2018/2019 Financial Year.

**Figure 3.8**

Types of Animals Sighted on the North South Highway during the 2018/2019 FY													
Animals	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Dogs	8	40	70	40	35	16	28	7	9	8	5	11	277
Cows	5	8	5	0	0	1	4	2	2	-	1	3	31
Goats	157	315	340	250	399	29	115	90	68	113	59	48	1,983
Cats	7	8	19	10	10	3	4	5	7	-	14	4	91
Birds	-	-	-	-	-	-	-	-	-	-	-	-	0
Total 2018/19	177	371	434	300	444	49	151	104	86	121	79	66	2,382

**Figure 3.8** above shows the types of animals sighted on the North-South Highway during the 2018/2019 Financial Year.

# Key Performance Targets

The Toll Authority is mandated, inter alia, to monitor the concessionaires' compliance with the terms and conditions of the concession agreements. In order to carry out this function, the Authority embarked on several programmes as outlined in the tables below. The data revealed that the Authority achieved all its targets. The projections for the 2019/2020 financial year are also included.

<b>MAINTENANCE MONITORING PROGRAMMES</b>	<b>2018/2019 April – March 1st , 2nd , 3rd &amp; 4th Quarters</b>			
	<b>Target</b>	<b>Actual</b>	<b>% Achieved</b>	<b>Projections 2019/2020 FY</b>
Request, inspect and review Developer's Timetable of programmed operational and maintenance activities	2	2	100%	2
Inspect, review works and records on activities carried out under Developer's Timetable of programmed activities	2	2	100% *	2
Review results/reports on Operator's inspections. Follow-up on expected actions	On going	On going	On going	On going
Verify whether there is any case of serious hazard requiring emergency repairs	On going	On going	On going	On going
Review and verify whether measures taken by the Operator are adequate	On going	On going	On going	On going
<b>OPERATIONS MONITORING PROGRAMMES</b>	<b>2018/2019 April-March 1st , 2nd, 3rd &amp; 4th Quarters</b>			
	<b>Target</b>	<b>Actual</b>	<b>% Achieved</b>	<b>Projections 2019/2020 FY</b>
Garner data from road users	On going		-	
Inspect Operators' register of written queries/complaints to determine level of successfully determined complaints	24	24	100%	24
Review traffic levels data (once per month per Operator)	24	24	100%	24
Review frequency of accidents and incidents (once per month per Operator)	24	24	100%	24
Determine & identify shortcomings in signs or equipment which affects the convenience and safety of traffic	On going	On going	On going	On going
Review policing activities and efficiency of strategies and measures	On going	On going	On going	On going

## INSPECTION TARGETS FOR THE TOLL ROADS

Planned Programme INSPECTION	2018/2019 April-March 1st , 2nd ,3rd & 4th Quarters			
	Target	Actual	% Achieved	Projections 2019/2020 FY
Conduct routine inspection of infrastructure - 6 per major segments of road (18 for EW & 30 for NS per Quarter)	216	216	100%	240
Conduct service level reviews - 6 per major segments of road (18 for EW & 30 for NS per Quarter)	216	216	100%	240
Review Operator's report against observations - 6 per major segments of road (18 for EW & 30 for NS per Quarter)	216	216	100%	240
Inspection of employee safety practices - 6 per major segments of road (18 for EW & 30 for NS per Quarter)	216	216	100%	240
Inspect traffic control management and safety in the public domain - 6 per major segments of road (18 for EW & 30 for NS per Quarter)	216	216	100%	240
Review effectiveness of general safety systems and equipment - 6 per major segments of road (18 for EW & 30 for NS per Quarter)	216	216	100%	240
Investigate, verify and research claims and complaints - assist in initiating conciliation and resolution	On going	On going	On going	On going

## MAJOR ACHIEVEMENTS

### 1. Improved Monitoring of the Concession Agreement

The Authority increased its ability and focus on monitoring of the Concession Agreement. This has led to greater policing of the standards for construction, operation and maintenance. This was made possible with:

- The employment of a Toll Road Compliance Inspector.
- The introduction of an improved Compliance System linking the inspection activities to formal Corrective Action procedures.
- The passage of the Toll Roads (***Technical Designs, Operations and Maintenance Standards***) ***Regulations, 2018***. This regulation has enabled the Toll Authority to better enforce the tenets of the concession agreements and Toll Roads Act. The regulation states that where a concessionaire fails to adhere to the technical standards and specifications for the design, construction, operation and maintenance of a toll road as outlined in the concession agreement, the concessionaire commits an offence and shall be liable on summary conviction in a Parish Court, to a fine not exceeding Five Hundred Thousand Dollars, and, in default of payment thereof One Million Dollars.

### 2. Improved Service to the Public

**Public Information: The passage of the Toll Roads (Register) Regulations, 2018** which mandates the Authority to keep specific Registers containing information on Collisions, Complaints, Incidents and Usage of the toll roads; these Registers are open for public inspection and viewing. This is in line with the lack of restriction of information embodied in the Access to Information Act (ATI) of 2002.

**Development of an Improved Website:** The Toll Authority built a new website; it now includes a 'Plan Your Journey' feature which enables persons to automatically use their current location along with a chosen destination in Jamaica which includes a toll road route. The toll road routes are derived from both the North-South and East-West Highways and it allows the user to calculate the applicable fees. The website also supports the automatic detection of the user's location, which is dependent on compatible browsers.

**Toll Road Safety Campaign:** The Toll Authority embarked on initiatives during the 2018/2019 year to increase the public's awareness of the safe use of the toll roads. The Authority also participated in the Jamaica Driver and Traffic Road Safety Expo in June 2018. A toll roads safety campaign was launched during the 2018/2019 Financial Year which involved a partnership with the Jamaica Information Service (JIS) to provide the placements of two (2) Public Service Announcements (PSA's) in the JIS radio programme and the placement of an additional two (2) PSA's in mainstream media. The PSA's contained messages that discouraged the speeding of motorists, pedestrians using the toll roads as well as general tips on how to effectively use the highways. A social media campaign was also launched on Facebook, where similar messages were posted in order to increase toll road safety awareness on a larger scale.

The data revealed that there was a significant reduction in collisions which we strongly believe was partially related to these campaigns. These were evidenced as follows:

**The East-West Highway:** There were 215 crashes during the 2018/2019 Financial Year, compared to 293 in 2017/2018. This demonstrated a significant achievement in light of the fact that 2018/19 experienced the highest levels of usage when compared to the previous four (4) years.

**The North-South Highway:** In 2018/2019 there were 179 collisions compared to 202 during 2017/2018. Similarly, the overall traffic on the North South Highway continue to rise year by year since the opening of all the plazas. The Financial Year 2018/19 experienced the highest levels of usage when compared to the previous three (3) years.

## MAJOR PRIORITY PROGRAMME/INITIATIVES FOR 2019/2020

1. The Toll Authority aims to promote the sustainable development and operation of the toll road infrastructure while advancing the requirements and standards for an environmentally friendly transport system as per the National Transport Sector Plans. This will be done through a Social Impact Study of the North-South & East-West toll roads. It will entail conducting studies to identify solutions for specific communities negatively impacted by the development and operation of the toll roads. Additionally, in collaboration with the Ministry of Transport and Mining, the Toll Authority will take the necessary steps to develop a Terms of Reference (TOR) for the development of a National Toll Road Concept Plan which fits within the National Strategies for the expansion and rationalization of land transport and infrastructure. Research Initiatives will begin in 2020/2021.
2. The Toll Authority will continue to encourage communication with road users and promote road safety in accordance with the National Transport Policy, as well as build the corporate image of the Authority. This involves ensuring that the Toll Road Safety Public Service Announcements receive airplay on the major radio stations each quarter. The Toll Authority will take the necessary steps to ensure that the following are achieved during the 2019/2020 Financial Year:
  - Provide more visible corporate information of the Authority to toll road users;
  - Use the Toll Authority's website, mass media and social media to promote toll road safety;
  - Establish Communication Plans, which involves partnership with the Toll Road Operators to increase awareness of toll road issues and compliance with the laws, policies and procedures governing the toll road.

As previously mentioned in our Corporate Profile on page 8, except for the intent to conduct activities in light of its corporate social responsibility, there is currently no plan to change the nature and scope of the activities of the Authority. Notwithstanding, there will be a small modification in the Corporate Plan for the 2019/2020 year to re-align some research projects.

# Financial Performance

Revenue for the financial year 2018/2019 totalled \$42,430,951, which included \$9,345,989 from Government Grant, the annual monitoring fee of (US\$250,000) \$31,506,250.00 paid by Jamaica North-South Highway Company Limited and \$1,578,712 from other income.

Though the revenue was \$42,340,951, the total expenses for the year amounted to \$36,781,770. The difference of \$5,649,181 represented funds not used due to delays in implementing a planned research project; this delay was stated, acknowledged and accounted for in the budgetary allocation for the 2019/2020 financial year for completion of phase 1 of the project.

**(Please see page 35, for Key Performance Targets)**

***See attached audited financials for details.***





# Financial Forecast

## FOR 2019/2020

The sum of \$56,267,000.00 was approved for the Financial Year 2019/2020. This is inclusive of a Recurrent Expenditure of \$41,959,000. The approved sum includes a figure of \$14,308,000 for employees' compensation; \$12,639,000 of this sum for employees' compensation will be funded by the Ministry of Finance and the Public Service (MoFPS) while the balance and the sum for Recurring Expenditure will be funded with monitoring fee payments.

  
Mr. Hugh Faulkner



## SENIOR EXECUTIVE COMPENSATION

Position of Senior Executive	Year	Salary (\$)	Gratuity or Performance Incentive (\$)	Travelling Allowance or Value of Assignment of Motor Vehicle (\$)	Other Allowances (\$)	Non-Cash Benefits (\$)	Total (\$)
Chief Executive Officer (CEO)	18/19	4,038,082	1,878,201	1,505,004	1,505,004		7,247,778
Senior Inspector	18/19	2,663,795	1,269,168	1,880,533	1,880,533		5,813,496
Corporate and Administrative Manager	18/19	1,622,293	-	697,598	697,598		2,319,891
<b>GRAND TOTAL</b>		<b>8,324,170</b>	<b>3,147,369</b>	<b>4,083,135</b>	<b>4,083,135</b>		<b>15,554,674</b>

A total of \$3,930,617 was paid for Gratuity, of this portion \$3,147,369 was paid to the Senior Executives. The difference of \$783,248 was paid to the non-executive staff. Therefore, only part of the full payment was reflected in the 2018/2019 Audited Financial Statements. The balance accrued was accounted for in the 2017/2018 Audited Financials. (See Staff Allowance and Other Benefit at item 16 of the Audited Financial Statements.)

## DIRECTORS COMPENSATION

Board Member	Fees	Motor Vehicle Upkeep/Travelling or value of Assignment of Motor Vehicle	Honoraria	Total (\$)
1 Mr. Hugh Faulkner	108,000			108,000
2 Mr. Fitzbert Mattis	154,600	24,000		178,600
3 Mr. Patrick Rose	111,400			111,400
4 Ms. Shernette Guthrie	46,200			46,200
5 Ms. Tanya Bedward	63,600			63,600
6 Mr. David Lazarus	49,400			49,400
7 Mr. Stephen Edwards	18,000			18,000
8 Mr. Calvin Allen	49,400			49,400
9 Ms. Daphne Taylor	14,200			14,200
10 Mrs. Paula Fletcher	55,000			55,000
<b>GRAND TOTAL</b>	<b>669,800</b>			<b>693,800</b>



# FINANCIAL STATEMENTS





*Smart decisions.  
Lasting value.*

***Toll Authority  
Financial Statements  
for the year ended  
31<sup>st</sup> March 2019***

**TOLL AUTHORITY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**  
(Expressed in Jamaican Dollars unless otherwise indicated)

---

**TOLL AUTHORITY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

---

	<u>PAGE</u>
<b>REPORT OF THE INDEPENDENT AUDITORS TO THE BOARD OF DIRECTORS</b>	1 – 1b
<b><u>FINANCIAL STATEMENTS:</u></b>	
Statement of Financial Position	2
Statement of Comprehensive Income	3
Statement of Changes in Reserves	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-24

**REPORT OF THE INDEPENDENT AUDITORS  
TO THE BOARD OF DIRECTORS OF  
TOLL AUTHORITY**

**Opinion**

We have audited the financial statements of Toll Authority ("the Authority"), which comprise the statement of financial position as at 31<sup>st</sup> March 2019, the statement of comprehensive income, statements of changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Authority as at 31<sup>st</sup> March 2019, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the Toll Roads Act 2002.

**Basis for Opinion**

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

**Other Information**

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that matter to those charged with governance.

**LOCATIONS:**

**KINGSTON**  
Oxford House,  
6 Oxford Road,  
Kingston 5

T: +876-926-3562  
F: +876-929-1300

**MANDEVILLE**  
3rd Floor,  
14 Caledonia Road,  
Mandeville,  
Manchester

T: +876-627-9048 / 630-2011

**RUNAWAY BAY**  
Lot 33 & 34,  
Cardiff Hall,  
Runaway Bay,  
St. Ann

T: +876-627-9048 / 630-2011

**MONTEGO BAY**  
Unit 22, Block C,  
Fairview Office Park 11,  
Montego Bay,  
St. James

T: +876-627-9048 / 630-2011

**REPORT OF THE INDEPENDENT AUDITORS**  
**TO THE BOARD OF DIRECTORS OF**  
**TOLL AUTHORITY**

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

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

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA's will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



**REPORT OF THE INDEPENDENT AUDITORS  
TO THE BOARD OF DIRECTORS OF  
TOLL AUTHORITY**

**Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)**

We also (cont'd):

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**Report on Additional Matters as Required by the Toll Roads Act 2002**

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Toll Roads Act 2002, in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Mr. Dawkins Brown.

Crowe Horwath Jamaica



---

Crowe Horwath Jamaica

July 31, 2019

**TOLL AUTHORITY  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2019**

(Expressed in Jamaican Dollars unless otherwise indicated)

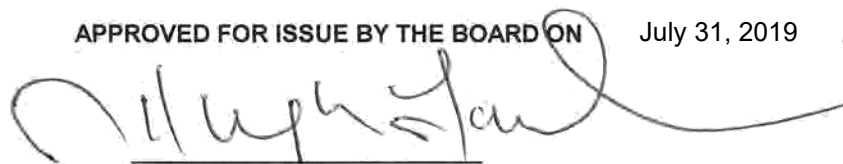
	<u>Notes</u>	2019 \$	2018 \$
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	4	4,173,487	4,320,212
Intangible Asset	5	310,617	382,057
Investments	6	<u>23,166,661</u>	<u>16,680,986</u>
		<u>27,650,765</u>	<u>21,383,255</u>
<b>Current Assets</b>			
Due from Related Party	7	876,720	1,866,453
Trade & Other Receivables	8	15,919,158	675,943
Short Term Investments	9	17,767,905	18,023,539
Cash and Cash Equivalents	10	<u>15,170,759</u>	<u>30,574,968</u>
		<u>49,734,542</u>	<u>51,140,903</u>
<b>Total Assets</b>		<u>77,385,307</u>	<u>72,524,158</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Reserves</b>			
Accumulated Surplus		<u>50,573,887</u>	<u>44,924,706</u>
<b>Current Liabilities</b>			
Trade and Other Payables	11	2,717,670	4,124,452
Deferred Income	12	<u>24,093,750</u>	<u>23,475,000</u>
		<u>26,811,420</u>	<u>27,599,452</u>
<b>Total Equity and Liabilities</b>		<u>77,385,307</u>	<u>72,524,158</u>

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

APPROVED FOR ISSUE BY THE BOARD ON

July 31, 2019

AND SIGNED ON ITS BEHALF BY:



Hugh Faulkner  
Chairman



Joan Fletcher  
Chief Executive Director

**TOLL AUTHORITY  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2019**

(Expressed in Jamaican Dollars unless otherwise indicated)

	<u>Notes</u>	<u>2019</u> <u>\$</u>	<u>2018</u> <u>\$</u>
Revenue			
Government Grants	13	9,345,989	9,051,531
Monitoring Fee	14	31,506,250	31,873,750
Other Income	15	<u>1,578,712</u>	<u>1,271,583</u>
		42,430,951	42,196,864
Administrative Expenses and Finance Costs		<u>(36,781,770)</u>	<u>(22,773,595)</u>
Surplus which represents Total Comprehensive Income for the Year		<u><u>5,649,181</u></u>	<u><u>19,423,269</u></u>

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

**TOLL AUTHORITY**  
**STATEMENT OF CHANGES IN RESERVES**  
**FOR THE YEAR ENDED 31 MARCH 2019**  
(Expressed in Jamaican Dollars unless otherwise indicated)

---

	<b>Accumulated Surplus</b>	<b>Total</b>
	<u>\$</u>	<u>\$</u>
<b>Balance at 31st March 2017</b>	<b>25,501,437</b>	<b>25,501,437</b>
Total Comprehensive Income for the Year	<u>19,423,269</u>	<u>19,423,269</u>
<b>Balance at 31st March 2018</b>	<b>44,924,706</b>	<b>44,924,706</b>
Total Comprehensive Income for the Year	<u>5,649,181</u>	<u>5,649,181</u>
<b>Balance at 31st March 2019</b>	<u><b>50,573,887</b></u>	<u><b>50,573,887</b></u>

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

**TOLL AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

(Expressed in Jamaican Dollars unless otherwise indicated)

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Total Comprehensive Income for the Year	5,649,181	19,423,269
Adjustments to reconcile Surplus for the year to Net Cash provided by Operating Activities:		
Depreciation	807,624	490,850
Amortization	141,340	11,131
Loss on Disposal of Asset	-	4,659
Interest earned	<u>1,578,712</u>	<u>446,793</u>
<b>Operating Cash Flow before movements in Working Capital</b>	<b>8,176,857</b>	<b>20,376,702</b>
<b>Decrease/(Increase) in Current Assets:</b>		
Due from Related Party	989,733	(1,866,453)
Trade and Other Receivables	(15,243,215)	31,500,032
<b>(Decrease)/Increase in Current Liabilities:</b>		
Deferred Income	618,750	(573,750)
Trade and Other Payables	<u>(1,406,782)</u>	<u>2,227,943</u>
<b>Net cash (used in)/provided by Operating Activities</b>	<b><u>(6,864,657)</u></b>	<b><u>51,664,474</u></b>
<b>Cash flows from Investing Activities:</b>		
Purchase of property, plant and equipment	(660,899)	(3,371,123)
Acquisition of Intangible Asset	(69,900)	(393,188)
Acquisition of Investments	(6,485,675)	(16,680,986)
Interest received	(1,578,712)	(446,793)
Acquisition of Short Term Investments	<u>255,634</u>	<u>(18,023,539)</u>
<b>Net cash used in Investing Activities</b>	<b><u>(8,539,552)</u></b>	<b><u>(38,915,629)</u></b>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>	<b>(15,404,209)</b>	<b>12,748,845</b>
<b>Cash and Cash Equivalents at beginning of year</b>	<b><u>30,574,968</u></b>	<b><u>17,826,123</u></b>
<b>Cash and Cash Equivalents at end of year</b>	<b><u><u>15,170,759</u></u></b>	<b><u><u>30,574,968</u></u></b>

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

**TOLL AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**  
 (Expressed in Jamaican Dollars unless otherwise indicated)

---

**1. Identification:**

The Toll Authority ("the Authority") is a Statutory body, established in February 2002 under the Toll Roads Act 2002. The Toll Authority's has been mandated 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 of Transport and Mining on matters of general policy relating to the design, construction, safety, regulation, operation and maintenance of the toll roads in Jamaica.

The Toll Authority's activities are funded mainly by the Government of Jamaica and monitoring fees paid by the Jamaica North South Highway Company Limited as per Concession Agreement between National Road Operating and Construction Company and Jamaica North South Highway Company Limited dated 21st June 2012. The Toll Authority's head office operates from premises rented at 11A-15 Oxford Road, Kingston 5.

The Toll Authority, as a public body and in accordance with Section 12 (1) (b) of the Income Tax Act, is exempt from Income Tax. The Authority is also exempt from Stamp duty under Section 30 of the Toll Roads Act.

**2. Adoption of Standards, Interpretations and Amendments:**

The International Accounting Standards Board (IASB) issued certain new standards and interpretations as well as amendments to existing standards, which became effective during the year under review. Management has assessed the relevance of these new standards, interpretations and amendments and has adopted and applied in these financial statements, those standards which are considered relevant to its operations.

(a) Standards and interpretations in respect of published standards which are in effect:

**IFRS 9: Financial Instruments (2014) (Effective January 2018)**

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

*Classification and measurement:* Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Hence, financial assets are to be classified into three measurement categories: those measured at amortised cost, those to be measured subsequently at fair value through other profit and loss (FVPL) and those to be measured subsequently at fair value through other comprehensive income (FVOCI). Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

*Impairment:* The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised

*Hedge accounting:* Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures

*Derecognition:* The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

**TOLL AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2019**  
 (Expressed in Jamaican Dollars unless otherwise indicated)

---

**2. Adoption of Standards, Interpretations and Amendments (Cont'd):**

(a) Standards and interpretations in respect of published standards which are in effect (Cont'd):

**IFRS 15: Revenue from Contracts with Customers (IAS 18 will be superseded by IFRS 15 Revenue from Contracts with Customers.) (Effective January 2018)**

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts -

Recognise revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

**Clarifications to IFRS 15 : Revenue from Contracts with Customers (Effective January 2018)**

Amends IFRS 15 Revenue from Contracts with Customers to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

*Improvements to IFRS 2014–2016 cycle contains amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2017 and 2018. The main amendment is as follows:*

Makes amendments to the following standard:

- **IAS 28: Investments in Associates and Joint Ventures (2011) (Effective January 2018)**

Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition

**IFRIC 22 - Foreign Currency Transactions and Advance Consideration (Effective January 2018)**

The interpretation addresses foreign currency transactions or parts of transactions where:

- there is consideration that is denominated or priced in a foreign currency;
- the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
- the prepayment asset or deferred income liability is non-monetary.

**TOLL AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)  
FOR THE YEAR ENDED 31 MARCH 2019**  
(Expressed in Jamaican Dollars unless otherwise indicated)

---

**2. Adoption of Standards, Interpretations and Amendments (Cont'd):**

- (a) Standards and interpretations in respect of published standards which are in effect (Cont'd):

**IFRIC 22 - Foreign Currency Transactions and Advance Consideration (Cont'd)**

The Interpretations Committee came to the following conclusion:

- The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability.
- If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

These affected the financial statements for accounting periods beginning on or after the first day of the months stated. The adoption of these Standards and amendments had no material impact on the Authority's financial statements.

- (b) Standards and interpretations in respect of published standards that are not in effect:

Certain new, revised and amended standards and interpretations have been issued which are not yet effective for the current year and which the Authority has not early-adopted. The Authority has assessed the relevance of all the new standards, amendments and interpretations with respect to the Authority's operations and has determined that the following are likely to have an effect on the Authority's financial statements:

**IFRS 16: Leases (Effective January 2019)**

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

*Improvements to IFRS 2014–2016 cycle contains amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2018 and 2019. The main amendment is as follows:*

Makes amendments to the following standard:

- **IAS 28: Investments in Associates and Joint Ventures (2011) (Effective January 2019)**

Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition

**Amendments to IFRS 9: Prepayment Features with Negative Compensation (Effective January 2019)**

Amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.



**TOLL AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2019**  
 (Expressed in Jamaican Dollars unless otherwise indicated)

---

**2. Adoption of Standards, Interpretations and Amendments (Cont'd):**

(b) Standards and interpretations in respect of published standards that are not in effect (Cont'd):

**Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) (Effective**

Clarifies that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

*Annual Improvements to IFRS Standards 2015–2017 Cycle contains amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 2019*

Makes amendments to the following standards:

• **IFRS 3: Business Combinations and IFRS 11: Joint Arrangements (Effective January 2019)**

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

• **IAS 23: Borrowing Costs (Effective January 2019)**

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

**Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) (Effective January 2019)**

The amendments in Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) are:

- If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.
- In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

**Definition of a Business (Amendments to IFRS 3) (Effective January 2020)**

The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A, Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

**TOLL AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2019**  
(Expressed in Jamaican Dollars unless otherwise indicated)

---

**2. Adoption of Standards, Interpretations and Amendments (Cont'd):**

- (b) Standards and interpretations in respect of published standards that are not in effect (Cont'd):

**Definition of Material (Amendments to IAS 1 and IAS 8) (Effect January 2020)**

The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

These affect financial statements for accounting periods beginning on or after the first day of the month stated. The Authority is assessing the impact these amendments will have on its financial statements.

**3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies:**

(a) **Statement of Compliance and Basis of Preparation-**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations as adopted by the International Accounting Standards Board (IASB), and comply with the requirements of the Jamaican Companies Act. They have been prepared under the historical cost convention.

(b) **Significant Accounting Policies:**

(i) **Use of Estimates and Judgements -**

The preparation of the financial statements in conformity with International Financial Reporting Standards (IFRS) required management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

The Financial statements are presented in Jamaican Dollars.

(ii) **Property, plant and equipment -**

Property, plant and equipment are stated at historical cost less depreciation less any impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied in the part will flow to the Authority and its cost can be reliably measured. The costs of day-to-day servicing of property, plant and equipment are recognised in surplus or loss as incurred.

**TOLL AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2019**  
 (Expressed in Jamaican Dollars unless otherwise indicated)

---

**3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Cont'd):**

**(b) Significant Accounting Policies (Cont'd):**

**(ii) Property, plant and equipment (Cont'd)-**

Depreciation of property, plant and equipment is provided on the straight-line basis calculated at annual rates estimated to write off the cost of each asset over the term of its useful life. The rates of depreciation in use are as follows:-

Furniture and Fixtures and Other Equipment	10%
Computer Equipment Hardware	20 %
Computer Software	33 $\frac{1}{3}$ %

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

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating surplus or deficit.

**(iii) Impairment of Property, Plant and Equipment-**

The carrying amounts of the Authority's assets are reviewed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Impairment losses are recognised in the statement of comprehensive income.

**(iv) Investments -**

Prior to January 1, 2018, Investments were classified as available for sale. The Authority determines the appropriate classification of investments at the time of purchase and re-evaluates such designation on a periodic basis.

From January 1, 2018, the Authority has applied IFRS 9 and classified its Financial assets at Fair value through profit and loss (FVTPL).

Significant judgement is applied in establishing the criteria for determining whether credit risk of the financial assets has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of expected credit losses (ECL) on investments and selection and approval of models used to measure ECL.

All purchases and sales of investments securities are recognised at settlement date.

**TOLL AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2019**  
 (Expressed in Jamaican Dollars unless otherwise indicated)

---

**3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Cont'd):**

**(b) Significant Accounting Policies (Cont'd):**

**(iv) Trade and Other Receivables -**

Other receivables consist of withholding tax deducted by the bank pending submission of a claim to recover due to its tax-free status.

**(v) Foreign Currency Transactions -**

During the year, transactions in foreign currencies are converted into Jamaican dollars at the rates of exchange ruling on the dates of those transactions as per Bank of Jamaica Historic rate listing where actual transaction rate is not known. Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the reporting date. Gains or losses arising from fluctuation in the exchange rates are reflected in the Statement of Comprehensive Income.

**(vi) Trade and Other Payables -**

Trade and other payables are stated at their nominal value.

**(vii) Revenue -**

Monitoring fee is recognized based on the degree of completion of the North South toll road. Government grants are accounted for as revenue for the period in which they are received. Interest income is recognized when earned, from balances with financial institutions.

**(viii) Cash and Cash Equivalents -**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand and in current accounts held at bank, foreign and local savings accounts deposits and short-term highly liquid investments with original maturities of three months or less from the date of acquisition.

**(ix) Financial Instruments**

Financial instruments carried in the statement of financial position include cash and cash equivalents, amounts due from related party, other receivables and accounts payable. The carrying value of these financial instruments approximates their fair value due to their short-term nature.

At initial recognition, the Authority measures a financial asset at its fair value, plus or minus (in the case of a financial asset not at fair value through profit or loss transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset; such as fees and commissions. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Immediately after recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

From 1st January 2018, the Authority has applied IFRS 9 and classified its financial assets as either Fair value through profit or loss (FVTPL); Fair value through other comprehensive income (FVOCI) or Amortised cost.

**TOLL AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2019**

(Expressed in Jamaican Dollars unless otherwise indicated)

---

**3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Cont'd):**

**(b) Significant Accounting Policies (Cont'd):**

**(ix) Financial Instruments (Cont'd)**

Classification and subsequent measurement of debt instruments depend on the Authority's business model for managing the asset; and the cash flow characteristics of the asset.

Based on these factors, the Authority classifies its debt instruments into one of the following three measurement categories:

- *Amortised cost*: Assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI') and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described at (vi). Interest income from these financial assets is included in 'Interest and similar income' using the effective interest method.
- *Fair value through other comprehensive income (FVOCI)*: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL are measured at fair value through other comprehensive income (FVOCI).
- *Fair value through profit or loss*: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within 'Net trading income' in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in 'Net investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest method.

**(x) Impairment of Financial Assets**

**Business Model:** the business model reflects how the Authority manages the assets in order to generate cash flows. That is, whether the Authority's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured

Loss allowances are measured at an amount equal to lifetime ECL except for the following are measured as a 12-month ECL:

- debt investment securities that are low in risk
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly.

12-month ECL are the portion of ECL that result from default events of a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised is referred to as Stage 1 financial instrument.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial Instruments for which lifetime ECL is recognised and is not credit-impaired is referred to Stage 2 financial instruments.

**TOLL AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)  
FOR THE YEAR ENDED 31 MARCH 2019**

(Expressed in Jamaican Dollars unless otherwise indicated)

**3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Cont'd):**

**(x) Impairment of Financial Assets (Cont'd)**

At each reporting date, the Authority assesses whether the financial assets carried at amortised cost are credit-impaired (referred to as Stage 3 financial assets).

**(xi) Taxation**

The Toll Authority, as a public body and in accordance with Section 12 (1) (b) of the Income Tax Act, is exempt from Income Tax.

**(xii) Comparative Information -**

Where necessary, comparative figures have been re-classified to conform to changes in presentation in the current year. In particular, comparatives have been adjusted to take into account the requirements of IFRS.

**(xii) Related Party Balances**

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24, Related Party Disclosures as the "reporting entity").

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

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

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

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled, or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

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

The Authority has a related party relationship with the Government of Jamaica and its agencies, directors and other key management personnel.

**TOLL AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2019**  
(Expressed in Jamaican Dollars unless otherwise indicated)

**4. Property, Plant and Equipment:**

	<b>Computer Hardware</b>	<b>Computer Software</b>	<b>Office Equipment</b>	<b>Furniture and Fixtures</b>	<b>Leasehold Improvements</b>	<b>Total</b>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b><u>At Cost or Valuation:</u></b>						
31st March 2017	2,050,854	229,865	198,117	332,944	-	2,811,780
Additions	278,225	-	555,605	2,381,072	156,221	3,371,123
Disposal	-	-	-	(79,830)	-	(79,830)
31st March 2018	2,329,079	229,865	753,722	2,634,186	156,221	6,103,073
Additions	96,694	-	110,447	442,169	11,589	660,899
31st March 2019	2,425,773	229,865	864,169	3,076,355	167,810	6,763,972
<b><u>Accumulated Depreciation:</u></b>						
31st March 2017	826,614	120,651	134,959	284,958	-	1,367,182
Charge for the year	360,118	76,622	10,919	43,020	171	490,850
Released on Disposal	-	-	-	(75,171)	-	(75,171)
31st March 2018	1,186,732	197,273	145,878	252,807	171	1,782,861
Charge for the year	415,184	32,592	58,465	284,859	16,524	807,624
31st March 2019	1,601,916	229,865	204,343	537,666	16,695	2,590,485
<b><u>Net Book Value:</u></b>						
31st March 2019	823,857	-	659,826	2,538,689	151,115	4,173,487
31st March 2018	1,142,347	32,592	607,844	2,381,379	156,050	4,320,212
31st March 2017	1,224,240	109,214	63,158	47,986	-	1,444,598

**TOLL AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2019**  
(Expressed in Jamaican Dollars unless otherwise indicated)

**5. Intangible Assets**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b><u>Cost:</u></b>		
At beginning of Year	393,188	-
Website -Additions	69,900	393,188
End of Year	<u>463,088</u>	<u>393,188</u>
<b><u>Amortisation:</u></b>		
At beginning of Year	11,131	-
Charge for the year	141,340	11,131
End of Year	<u>152,471</u>	<u>11,131</u>
<b>Net Book Value:</b>	<u>310,617</u>	<u>382,057</u>

Intangible assets comprise computer software acquired by the Authority. Amortization of the computer software is calculated based on an estimated useful life of 5 years.

**6. Investments:**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Sigma Unit Trust	6,659,212	8,423,688
VMBS Unit Trust	16,507,449	8,257,298
	<u>23,166,661</u>	<u>16,680,986</u>

**7. Due from Related Party:**

This represents the gratuities receivable from the Ministry of Transport and Mining.

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Ministry of Transport & Mining	876,720	1,866,453
	<u>876,720</u>	<u>1,866,453</u>

**8. Trade and Other Receivables:**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Trade Receivables	15,808,750	-
Other Receivables	110,408	675,943
	<u>15,919,158</u>	<u>675,943</u>

Other receivables consist of prepayments and withholding tax deducted by the bank pending submission of a claim to recover due to the Authority's tax-free status.

**9. Short Term Investments**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
US\$ Short-Term Investments	2,059,283	5,839,268
J\$ Short-Term Investments	15,708,622	12,184,271
	<u>17,767,905</u>	<u>18,023,539</u>



**TOLL AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2019**  
(Expressed in Jamaican Dollars unless otherwise indicated)

---

**10. Cash and Cash Equivalents:**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Main - Current Account	1,863,605	1,305,753
US\$ Saving Account (2019: US\$ 105,141; 2018 - US\$232,253)	13,297,154	29,259,215
Imprest (Cash)	<u>10,000</u>	<u>10,000</u>
	<u><u>15,170,759</u></u>	<u><u>30,574,968</u></u>

**11. Trade and Other Payables:**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Trade Payables	572,783	914,467
Other Payables and Accruals	<u>2,144,887</u>	<u>3,209,985</u>
	<u><u>2,717,670</u></u>	<u><u>4,124,452</u></u>

**12. Deferred Income:**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Monitoring Fees	<u>24,093,750</u>	<u>23,475,000</u>

This represents monitoring fees which are due on 1st January each year and transferred to income on a monthly basis.

**13. Government Grants:**

This represents cash received from the Government of Jamaica for salaries.

**TOLL AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2019**  
(Expressed in Jamaican Dollars unless otherwise indicated)

**14. Monitoring Fee:**

This represents annual monitoring fees of US\$ 250,000 (converted at the rate of J\$126.03 to US\$ 1) as per the concession agreement between the National Road Operating and Construction Company Limited and Jamaica North-South Highway Company Limited signed in June 2012.

**15. Other Income:**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Write off of over-accrued balance due to Ministry of Transport and Mining	-	158,652
Other Income	-	666,138
Interest & Net Investment Income	1,578,712	446,793
	<u>1,578,712</u>	<u>1,271,583</u>

**16. Payroll and Other Related Costs:**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Salaries and Wages	11,747,712	7,607,639
Statutory Contributions	538,460	345,300
Staff Allowance and Other Benefits	2,159,001	1,842,011
	<u>14,445,173</u>	<u>9,794,950</u>

The number of staff employed at the year end was six (6) (2018 - three (3)).

**17. Financial Instruments & Financial Instruments Risk Management:**

A financial instrument is a contract that gives rise to both a financial asset of one enterprise and a financial liability of another enterprise. For the purpose of the financial statements, financial assets have been determined to include cash and cash equivalents and trade and other receivables. Financial liabilities have been determined to include trade and other payables.

The activities of the Authority does not expose it to financial risks in respect of it financial instruments; market risk (current risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. Operational risks are an inevitable consequence of being in business. The Board of Directors aims to achieve an appropriate balance between risk and return and thereby minimising any potential adverse effects on the Toll Authority's financial performance. The Board of Directors is appointed by the Honourable Prime Minister of Jamaica and is responsible to report to the Office of the Prime Minister and the Ministry of Transport and Mining.

**TOLL AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2019**  
(Expressed in Jamaican Dollars unless otherwise indicated)

---

**17. Financial Instruments & Financial Instruments Risk Management (cont'd):**

(a) Credit risk:

Credit risk is the risk that one or both parties to a financial instrument will fail to discharge an obligation resulting in financial loss to one or both parties. The Authority faces credit risk in respect of its cash and cash equivalent. There was no significant concentration of credit risk and the maximum exposure to credit risk is represented by the carrying amount of the financial assets on the statement of financial position.

Maximum Exposure to Credit Risk

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Due from Related Party	876,720	1,866,453
Other Receivables	110,408	675,943
Cash and Cash Equivalents	<u>13,297,154</u>	<u>30,564,968</u>
	<u>14,284,282</u>	<u>33,107,364</u>

(i) Due from Related Party - Ministry of Transport and Mining

This includes funds held by the Ministry of Transport and Mining on behalf of Toll Authority and are used to pay salaries, travelling and upkeep allowances. Related party balance is not considered high risk.

(ii) Other Receivables

Other receivables includes withholding tax deducted erroneously. Credit risk with respect to this item is considered low.

(iii) Cash and Cash Equivalents

The Authority maintains cash at bank with a sound financial institution which minimizes its exposure to risk.

There has been no change in the Authority's exposure to credit risk or the manner in which it measures and manages this risk.

(b) 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 liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to sell assets quickly at or close to fair value to meet obligations to pay creditors and also to complete projects.

The Authority is funded mainly by funds received from the North South Highway in addition to funds from the Government through the Ministry of Transport and Mining which is pre-determined in the fiscal budget. Total income is usually sufficient to cover expenses. At 31st March 2019, the Toll Authority's current assets exceeded its current liabilities by \$22,923,122 (2018: \$23,541,451).

**TOLL AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**

**FOR THE YEAR ENDED 31 MARCH 2019**

(Expressed in Jamaican Dollars unless otherwise indicated)

**17. Financial Instruments & Financial Instruments Risk Management (cont'd):**

(b) Liquidity risk (cont'd):

The following are the contractual maturities of financial assets and liabilities including interest payments as at:

**31st March 2019**

	Carrying Amount & Contractual			No specific maturities
	Cash Flow	0 - 6 months	6 - 12 months	
	\$	\$	\$	\$
Related Party and Trade & Other Receivables				
Related Party	876,720	876,720	-	-
Trade	15,808,750	-	15,808,750	-
Other receivables	110,408	-	110,408	-
Short Term Investments	17,767,905	-	17,767,905	-
Cash and Cash Equivalents	15,170,759	15,170,759	-	-
	<u>49,734,542</u>	<u>16,047,479</u>	<u>33,687,063</u>	<u>-</u>
Deferred Income	24,093,750	-	24,093,750	-
Trade and Other Payables				
Trade	572,783	-	572,783	-
Accruals/other payables	2,144,887	-	2,144,887	-
	<u>26,811,420</u>	<u>-</u>	<u>26,811,420</u>	<u>-</u>
<b>Net Current Assets</b>	<u>22,923,122</u>	<u>16,047,479</u>	<u>6,875,643</u>	<u>-</u>

The following are the contractual maturities of financial assets and liabilities including interest payments as at:

**31st March 2018**

	Carrying Amount & Contractual			No specific Maturity
	Cash Flow	0 - 6 Months	6 - 12 Months	
	\$	\$	\$	\$
Related Party and Other Receivables				
Related Party	1,866,453	-	-	-
Trade	-	-	32,167,500	-
Other receivables	675,943	-	8,475	-
Short Term Investments	18,023,539	-	18,023,539	-
Cash and cash equivalents	30,574,968	17,826,123	-	-
	<u>51,140,903</u>	<u>17,826,123</u>	<u>50,199,514</u>	<u>-</u>
Deferred Income	23,475,000	-	23,475,000	-
Trade and Other Payables				
Trade	914,467	-	914,467	-
Accruals/other payables	3,209,985	-	3,209,985	-
	<u>27,599,452</u>	<u>-</u>	<u>27,599,452</u>	<u>-</u>
<b>Net Current Assets/(Liabilities)</b>	<u>23,541,451</u>	<u>17,826,123</u>	<u>22,600,062</u>	<u>-</u>

**TOLL AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2019**  
(Expressed in Jamaican Dollars unless otherwise indicated)

**17. Financial Instruments & Financial Instruments Risk Management (cont'd):**

(c) Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. This arises mainly from changes in interest rates, foreign currency rates and equity prices. The Authority's operations are impacted by changes in interest rates and foreign currency movements, but not by changes in equity prices. The effect of these changes however, are not considered significant.

The objective of market risk management is to monitor and control market risk exposures within acceptable parameters, while optimising the return on investments. Market risk exposures are measured using sensitivity analysis.

(i) Interest rate risk

Interest rate risk arises when the value of a financial instrument fluctuates during a specified period due to changes in the market interest rates.

Financial Assets

The Authority's interest bearing financial assets are primarily represented by instruments which are materially contracted at fixed interest rates for the duration of the term. The interest rates paid on savings accounts will fluctuate from time to time but are usually reflective of the market conditions.

At the reporting date, the interest rate profile of the Authority's interest-bearing financial instruments were:

	Interest Rate	2019	Interest Rate	2018
	<u>%</u>	<u>\$</u>	<u>%</u>	<u>\$</u>
<u>Bank balances</u>				
US\$ Short-Term Investments	0.13 - 1.15	2,059,283	1.15 - 4.00	5,839,268
J\$ Short-Term Investments	2.3 - 3.5	15,708,622	3.45 - 3.85	12,184,271
J\$ Current account	0.25 - 0.5	1,863,605	0.25 - 0.4	1,305,753
USD Savings Account	0.10	13,297,154	0.10	29,259,215
		<u>32,928,664</u>		<u>48,588,507</u>

Financial Liability

The Authority has no interest-bearing liability and therefore is not directly exposed to interest rate risk in this regard.

***Interest rate sensitivity analysis***

There have been insignificant movements in the interest rates over the last reporting date. Movements in interest rates by the specified rates at the reporting date would have increased/(reduced) the reported surplus and accumulated fund by the amounts shown below:

	Movement	2019	Movement	2018
	<u>%</u>	<u>\$</u>	<u>%</u>	<u>\$</u>
US\$ Short-Term Investments	-0.1935	(3,985)	0.5	29,196
J\$ Short-Term Investments	-0.75	(117,815)	1	121,843
J\$ Current account	0.05	932	1	13,058
USD Savings Account	0	-	0.5	146,296
Increase in surplus and accumulated fund		<u>(120,868)</u>		<u>310,393</u>

**TOLL AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2019**

(Expressed in Jamaican Dollars unless otherwise indicated)

**17. Financial Instruments & Financial Instruments Risk Management (cont'd):**

(c) Market Risk (cont'd):

(i) Interest rate risk (cont'd)

***Interest rate sensitivity analysis (cont'd)***

	<b>Movement</b>	<b>2019</b>	<b>Movement</b>	<b>2018</b>
	<b>%</b>	<b>\$</b>	<b>%</b>	<b>\$</b>
US\$ Short-Term Investments	-0.5	(10,296)	-0.5	(29,196)
J\$ Short-Term Investments	-1	(157,086)	-1	(121,843)
J\$ Current account	-1	(18,636)	-1	(13,058)
USD Savings Account	-0.5	<u>(66,486)</u>	-0.5	<u>(146,296)</u>
Decrease in surplus and accumulated fund		<u>(252,504)</u>		<u>(310,393)</u>

Between April 2018 and March 2019, the interest rate on Bank of Jamaica 3 - 6 months Commercial bank deposits decreased by 131 basis points from 3.88 % to 2.57%. The rate movement subsequent to the year end is expected to be insignificant as there has been some amount of stabilizing of the rates.

This analysis assumes that all other variables, in particular exchange rates, remain constant.

(ii) Foreign currency risk

Foreign currency risk is the risk that the market value of, or the cash flows from financial instruments will vary because of exchange rate fluctuations.

The Authority is exposed to foreign currency risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than the Jamaican dollar. A foreign currency bank account is maintained at a level which partially meets foreign currency obligations.

The Authority's foreign currency asset at the reporting date is as follows:

	<b>2019</b>	<b>2018</b>
	<b><u>US\$</u></b>	<b><u>US\$</u></b>
Sigma US\$ Unit Trust	-	33,245
US\$ Short-Term Investments	16,12846,209	
USD Savings Account	<u>105,141</u>	<u>232,523</u>
	<u>121,269</u>	<u>278,732</u>

At the reporting date the Authority does not have any foreign currency liabilities.

***Foreign Currency Sensitivity analysis***

Exchange rates in terms of Jamaican Dollars which is the Authority's reporting currency, were as follows:

	<b><u>US\$</u></b>
3rd June 2019	132.61
31st March 2019	126.47
31st March 2018	125.98

Over the period March 2018 to March 2019 there was a 0.39% depreciation of the Jamaican dollar against the US dollar. Between March 2019 and June 2019 there has been a 4.85% depreciation of the Jamaican dollar against the US dollar.

**TOLL AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2019**

(Expressed in Jamaican Dollars unless otherwise indicated)

**17. Financial Instruments & Financial Instruments Risk Management (cont'd):**

(c) Market Risk (cont'd):

(ii) Foreign currency risk (cont'd)

***Foreign Currency Sensitivity analysis (cont'd)***

The appreciation of the Jamaican dollar to the extent shown against the United States dollar would have decreased/increased income and reserves by the amounts shown below.

	<b>Movement</b> <b>%</b>	<b>2019</b> <b>J\$</b>	<b>Movement</b> <b>%</b>	<b>2018</b> <b>J\$</b>
United States dollar	6	920,212	4	1,572,114
United States dollar	-4	<u>(613,474)</u>	-2	<u>(786,057)</u>

The analysis is computed on the same basis for 2019 and assumes that all other variables, in particular, interest rates, remain constant.

It is not anticipated that any appreciation of the Jamaican dollar against the major currencies would be to any significant extent and this should therefore have marginal adverse effect on the Authority's foreign currency financial instruments. Should there be an appreciation of the Jamaican dollar against the United States Dollar by say, 2% this would increase/reduce deficit/surplus and accumulated fund as shown below:

	<b>Movement</b> <b>%</b>	<b>2019</b> <b>J\$</b>	<b>2018</b> <b>J\$</b>
United States dollar	2	<u>265,943</u>	<u>585,865</u>

The analysis assumes that all other variables, in particular, interest rates, remain constant. The analysis is performed on the same basis for 2018.

(d) Operational risk:

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

(e) Cash flow interest rate risk:

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount. The Authority has monetary financial instruments which are exposed to this risk.

**TOLL AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2019**

(Expressed in Jamaican Dollars unless otherwise indicated)

**17. Financial Instruments & Financial Instruments Risk Management (cont'd):**

(f) **Fair Value**

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists.

The following table provides an analysis of financial instruments held as at 31st March 2019 that, subsequent to initial recognition, are measured at fair value. The financial instruments are grouped into levels 1 to 3 based on the degree to which the fair value is observable, as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs).

There were no transfers between levels during the year.

	<u>2019</u>			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Available-for-sale Investments - Unquoted Investments at Fair Value	-	<u>23,166,661</u>	-	<u>23,166,661</u>

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets is the current bid price. These instruments are grouped in Level 1.

The fair value of financial instruments not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.



**TOLL AUTHORITY  
SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

---

**INDEX**

	<b><u>SUPPLEMENTARY STATEMENT</u></b>
Report of the Independent Auditors to the Directors	1
Schedule of Recurrent Expenditure and Other Expenses	2

**REPORT OF THE INDEPENDENT AUDITORS**  
**TO THE DIRECTORS OF**  
**TOLL AUTHORITY**  
**ON SUPPLEMENTARY INFORMATION**

The supplementary information presented on statement 2 has been taken from the accounting records of the Authority and has been subjected to the tests and other auditing procedures applied in our examination of the financial statements of the Authority for the year ended 31st March 2019.

In our opinion, the said information is fairly presented in all material respects in relation to the financial statements taken as a whole, although it is not necessary for a fair presentation of the state of affairs of the Authority at 31st March 2019 and of the results of its operations, its changes in reserves and its cash flows for the year then ended.

Crowe Horwath Jamaica



---

Crowe Horwath Jamaica

July 31, 2019

**TOLL AUTHORITY**  
**SCHEDULE OF ADMINISTRATIVE AND OTHER EXPENSES**  
**FOR THE YEAR ENDED 31 MARCH 2019**

(Expressed in Jamaican Dollars unless otherwise indicated)

**Administrative:**

	<b>2019</b>	<b>2018</b>
	<u>\$</u>	<u>\$</u>
Auditors' Remuneration	582,500	466,000
Senior Managers' Salaries & Related Costs	11,471,539	6,056,653
Senior Managers' Travelling	4,083,135	2,034,369
Other Staff Salaries & Related Costs	2,973,634	3,738,297
Other Staff Travelling and Subsistence	2,015,666	968,140
Cleaning and Sanitation	148,051	113,987
Food and Drink	286,489	155,785
Telephone and Internet	438,433	409,675
Annual Report	189,765	300,643
Stationery and Office Supplies	858,271	683,087
Repairs and Maintenance	99,382	84,310
Seminar and Training	1,336,352	69,620
Dues and Subscription	13,875	27,243
Legal and Professional Fees	3,073,876	1,833,340
Board Meeting Expense	2,799,209	1,068,659
Postage and Courier Services	42,430	21,000
Advertisement and Promotion	2,568,622	1,297,506
Rental	1,882,461	1,753,346
Loss on Disposal of Asset	-	4,659
Depreciation	948,964	501,980
	<u>35,812,654</u>	<u>21,588,299</u>

**Finance Cost:**

Bank Charges	97,388	59,626
Foreign Exchange Loss	871,728	1,125,670
	<u>969,116</u>	<u>1,185,296</u>
	<u>36,781,770</u>	<u>22,773,595</u>



Designed and printed by the  
Jamaica Information Service  
SEPTEMBER 2020