



TOLL AUTHORITY
**ANNUAL
REPORT**
2019 -2020





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Minister's Message



THE HON. ROBERT MONTAGUE, M.P.
Minister of Transport and Mining

The past fiscal year marks 20 years since construction commenced on what was then dubbed “Highway 2000”. This seminal programme has been a key driver in Jamaica’s economic development. History documents the importance of transportation infrastructure and industrialization in contributing to the overall economic development of a country. Among the objectives of the Highway 2000 project were the upgrading of Jamaica’s infrastructure; providing economic opportunities for growth; and the creation of jobs.

As we move the country’s infrastructure closer to that of developed nations our toll roads stand as a beacon of hope for the future. Jamaica can be proud of the quality of these roadways and more importantly, their impact in ensuring efficient transportation links to various parts of the island. As we reflect on the past 20 years, it is important that we also applaud the foresight of the Government in ensuring that the necessary oversight was in place from the outset. The Toll Authority has, and continues to play, a critical role in ensuring that our highway infrastructure is of the highest standard, and on par with the rest of the world.

We are currently in the midst of a global pandemic which unfolded in the past fiscal year and has significantly impacted the economy of the country and indeed, the rest of the world. The impact of this has resulted in the delayed start of the Montego Bay Bypass, which is now scheduled to commence in 2023. However, I am pleased to state that work on Highway 1C, that is the May Pen to Williamsfield corridor, continues. The regulatory oversight of the Toll Authority has been invaluable in ensuring the integrity of these projects.

Safety continues to be a concern based on the number of motor vehicle accidents occurring on the roadways. While the numbers have been trending down, I am concerned that the number of fatalities remains too high. These are areas that we must address, and I am therefore pleased that the Authority has started more direct messaging regarding safe usage of the highways, and I look forward to even more engagement going forward.

Last year we passed the “Toll Roads (Technical Designs, Operations and Maintenance Standards) Regulations, 2018” which improved the Authority’s enforcement capabilities. I look forward to presenting to Cabinet, additional pieces of legislation that will further strengthen the Regulations, while reinforcing the high standards of maintenance and safety for toll road users.

As the nation adjusted to a new work paradigm due to COVID-based stay-at-home orders and social distancing measures, let me take this opportunity to congratulate the management and staff who adapted swiftly to ensure continued service, so as to facilitate safe commuting for all.

As we look forward to the next 20 years of infrastructural development across the island, the Toll Authority will continue to play a pivotal role where those projects include further expansion of the tolled highway network. I therefore remain committed to the work that is being done by the Authority and look forward to the outputs for the year ahead.


ROBERT MONTAGUE



HUGH FAULKNER

Chairperson's *Message*

accessibility to rural areas; catalysed economic growth in communities outside of the capital; ushered in a wave of new housing developments; and given a major boost to the tourist industry.

Meanwhile, work continues on the expansion of the network along the South Coast and plans are in train for the start of the Montego Bypass. The additional connectivity that this will afford dovetails into the Government's priority Logistics Hub Initiative, aimed at positioning Jamaica as a regional and global transshipment hub, with planned expansion of the island's air and sea ports, together with ground transportation infrastructure.

During the period under review the Authority continued the work of executing its mandate, as the regulatory entity for toll roads across Jamaica, by ensuring that motorists were provided with a safe and efficient network as they traversed various sections of the country. This, it should be noted, was achieved despite leadership changes and the impact of the global pandemic.

Throughout the year, strict oversight of the operators and the thoroughfares they managed was maintained. The inspectorate arm recorded and mandated corrective action where maintenance requirements were not being adhered to. Internally, we continued to ensure that our service standards for approvals as part of the processing of applications for maintenance projects, were strictly observed. Towards year-end Jamaica, like the rest of the world, went into lockdown. This led the Authority to examine a number of its processes because, as was the case with many

other entities, COVID-19 affected staffing arrangements which impacted our daily operations. However, despite the challenges, every effort was made to ensure that our key stakeholders and the public continued to access our services.

As the new financial year approaches, I am proud that the Toll Authority continues to play a key role in the nation's development. Going forward, we remain committed to faithfully executing our Mission and improving information channels to our stakeholders, so as to ensure a safe environment for the motoring public.


HUGH FAULKNER

It is estimated that there are approximately 21,000 kilometres of road infrastructure in Jamaica, with paved thoroughfares accounting for approximately 71 per cent of that total. Although Jamaica's economy is heavily reliant on road transportation for business, domestic travel and the movement of freight, the country's road network as it existed prior to 1999, had become less than adequate, particularly the tertiary roads. As we mark 20 years of Highway 2000, it is therefore appropriate to highlight the impact of this system of 'access—controlled' roads—the first of its kind in Jamaica—in changing the landscape of the country for the better.

The vision outlined by the Government in 1999 has indeed been realized. In linking Jamaica's North and South Coasts, Highway 2000 "impacts the lives of hundreds of thousands of Jamaicans on a daily basis." With the phenomenal reduction in the commute to and from Kingston as a key advantage, it has increased



LERONE LAING

As the country continues along the path of the Vision 2030 roadmap of making **“Jamaica, the place of choice to live, work, raise families and do business”**, the Authority’s role in promoting the efficient, economically sustainable operation of toll roads is crucial to its success. In keeping with the Government’s thrust for a coordinated approach in the provision of critical services, the Authority, along with associated supporting entities, continues to deliver to the Jamaican public, a toll road network of international standards, while ensuring compliance with the relevant global benchmarks.

Our stated mandate is to regulate the operations of toll roads in Jamaica and ensure that they function in accordance with performance standards and service levels consistent with industry practices. This can only be achieved by strict adherence to the provisions of the Toll Roads Act; prudent management; and relationship-building with investors in the toll industry.

Able assisted by the passage of the **Toll Roads (Technical Designs, Operations and Maintenance Standards) Regulations, 2018**, the Authority now has the legal backing to enforce the various Concession

Chief Executive Officer’s *Overview*

Agreements. In addition, legislation is being drafted proposing changes to further strengthen the Authority’s regulatory functions; to provide clarity in relation to the issue of jurisdiction for advertisements on toll roads; and the payment of monitoring fees for future concessionaires.

Towards the end of the 2019/20 fiscal year, the COVID-19 pandemic significantly impacted the global economy. The restrictions, implemented when the country was under the stay-at-home order, highlighted the need to improve our technological capacity. Staff members were, therefore, trained to access the required virtual platforms in order to carry out their respective tasks effectively from home.

During the review period, we continued to increase our media presence, as it is our view that to adequately serve our primary stakeholders in the industry—the users of the toll roads we need to improve our channels of communication through renewed focus on social media; direct messaging; routinely updating our website, and scheduling traditional media engagements.

In developing our Public Relations programme we emphasized road safety issues and highlighted the need for increased awareness of the policies governing the use of toll roads. In addition, we continued to encourage vigilance and the need to observe speed limits, as well as the various safety signs posted along the Highway. Routine inspections of the toll roads to ensure safety and operational efficiency remained one

of our core activities in the 2019/20 fiscal year. A total of 280 inspections were completed, as well as the biennial recertification inspection of all tyre-deflation devices on the East-West section of the toll road.

Highway 2000 has been described as **“the alliance of best-in-class transport infrastructure companies, guided by the long term vision of the Jamaican public sector”**. As its curator, the Toll Authority continues to focus on the objectives of providing the highest standards for road safety and user-friendliness, while creating an enabling environment to attract investors for further development of the nation’s road network.

To this end, the establishment of a comprehensive National Toll Road Development Plan, which will form part of the National Transport Plan, has been proposed. Work on the proposed plan is scheduled to begin in the 2020/21 fiscal year. The plan will be the blueprint for the future of Jamaica’s road network development, guided by the Authority’s institutional knowledge, garnered during the past 18 years. This augurs well for the future of the toll industry, as we look forward to the expansion of Highway 2000, and other significant initiatives in the pipeline.

We therefore commit to continuing to do our part to maintain the highest standards in executing our mandate for the ultimate growth and development of our beloved island, Jamaica.


LERONE LAING
Chief Executive Officer (Acting)

Corporate Profile

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

- regulate the operations and maintenance of the toll roads;
- monitor concessionaires' compliance with the terms and conditions of the Concession Agreements; and
- advise the Minister on matters of general policy relating to the design; construction; safety; regulation; operation; and maintenance of the toll roads in Jamaica.

Apart from the intended expansion of its activities in keeping with its corporate social responsibility, there is currently no plan to change the nature and scope of the Authority's activities. Notwithstanding this, there will be a slight modification in the Corporate Plan for the 2020/2021 financial year in order to realign some of the research projects.



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



Vision Statement

To be the premier regulator of a safe, innovative, world-class toll road network that is sustainable

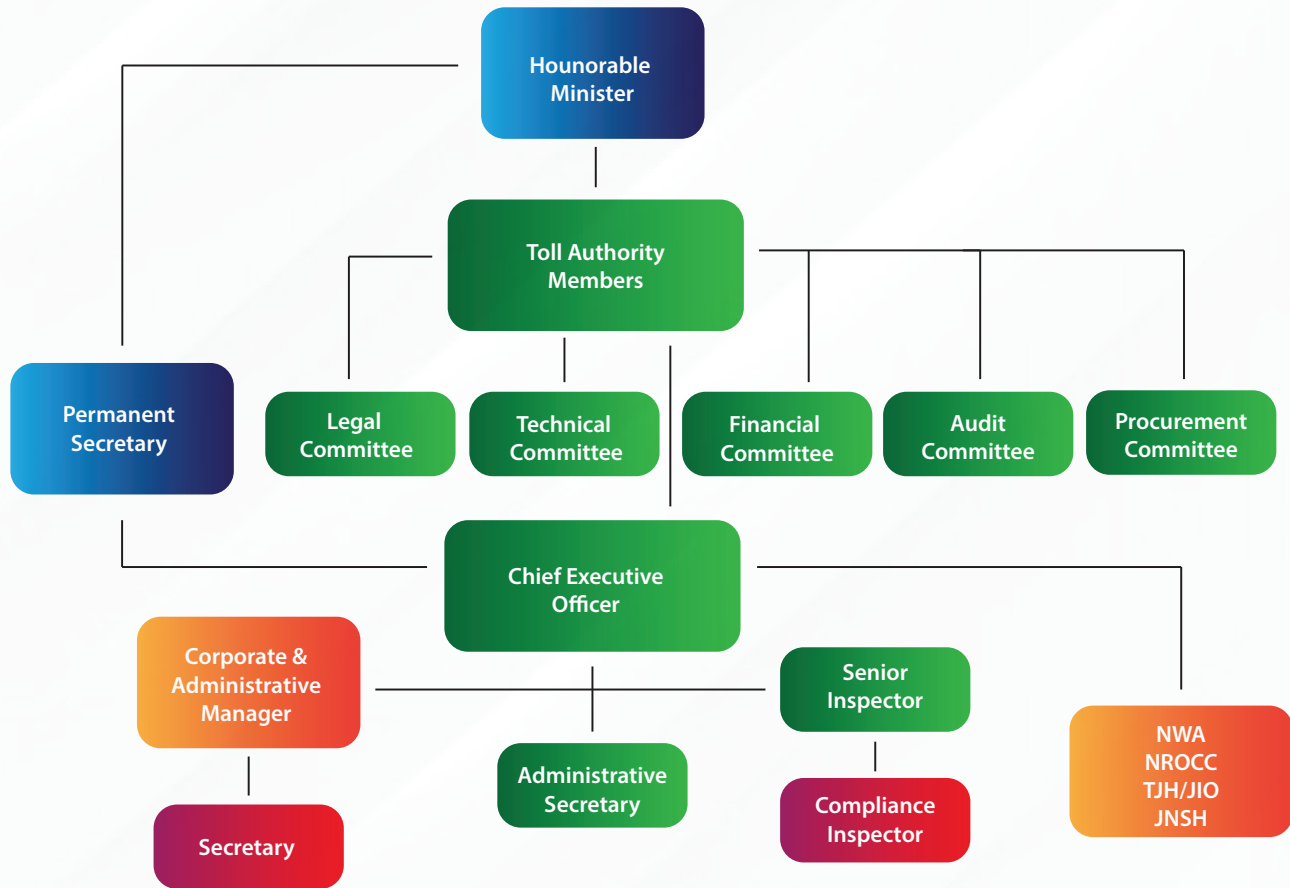
Mission and Core Values

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

In carrying out its functions under the Act, the Authority must perform in a manner it considers best geared to:

- advance the reasonable interests 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; and create an enabling environment for potential investors in toll roads.

Toll Authority's Organizational Structure



During the 2019/2020 financial year, the core functions of the Toll Authority were effectively performed by six (6) full-time staff members, a part-time Accountant and a part-time Corporate Secretary. Our portfolio ministry, the Ministry of Transport and Mining carried out the functions of Human Resource Management and Information Technology.

MANAGEMENT AND STAFF

Mr. Lerone Laing	- Chief Executive Officer (Acting)
Mr. Delon Wauchope	- Senior Toll Inspector
Mrs. Kerry-Kay Holness	- Corporate and Administrative Manager
Mr. Kevan Taylor	- Toll Road Compliance Inspector
Ms. Laura McPherson	- Administrative Secretary
Ms. Rose Donaldson	- Secretary

Corporate *Governance*

During the period of this review, the Board provided oversight to the Authority in order to enhance the interests of Highway 2000 stakeholders and other toll road users, and offered strategic guidance and direction to the Agency. Meanwhile, there continued to be strict adherence to the Toll Roads Act and Regulations, the Public Bodies Management and Accountability Act, as well as the Financial Administration and Audit Act. Through these compliance initiatives, a high standard of corporate governance was maintained in the discharge of the Board's responsibilities.



BOARD *Members*



HUGH B. FAULKNER – CHAIRMAN

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

He has a Bachelor of Arts Degree in Communication from the Caribbean School of Media and Communication (CARIMAC), University of the West Indies (UWI), Mona. He also holds a Bachelor of Laws awarded by the UWI, Cave Hill, and a Certificate of Legal Education from the Norman Manley Law School.

In addition, he has attended numerous courses in Corporate Governance and Public Sector Administration and has served 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 currently occupies the position of Board Chairman, and chairs the Authority's Legal Committee.



FITZBERT R. MATTIS – DIRECTOR

Formerly of Clarendon Co-operative Credit Union Mr. Mattis, whose career spans a period exceeding four decades, has given yeoman's service at the senior management level in auditing, accounting and financial management, in the Banking; Credit Union; and General Insurance sectors. A certified Corporate Governance Principles' exponent, his vast corporate management experience has been utilized in the formation, establishment and growth of various successful businesses.

In 1974, he was awarded a Fellowship from the Institute of Financial Accountants in London. He also holds a Diploma in Advanced Administration and Financial

Management from the former Institute of Management and Production (IMP); along with the Jamaica Institute of Bankers' Certificate; and a certificate in Project Management from the University of New Orleans.

Driven by his civic-mindedness and the desire to give back to society, Mr. Mattis's contribution extends beyond hard-core, day-to-day workplace demands, to serving a number of voluntary organizations, including the Manchester and Clarendon Chambers of Commerce. A life-member of Junior Chamber International, he has also held positions of Chapter President and State of Jamaica Treasurer in the Jaycees of Jamaica.

During his tenure on the Authority's board between 2008 and 2011, Mr. Mattis worked with a coalition of past and present chairmen, who together 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.

BOARD Members Continued



TANYA T. BEDWARD, JP – DIRECTOR

Miss Tanya Bedward, has a wealth of knowledge and experience in transport administration at the Central Government level, spanning the areas of transport planning; transport policy development; project development and implementation; as well as government procurement. She has also taught at the University of Technology, Jamaica on a part-time basis, in the Urban and Regional Planning Programme for several years.

A 2011 Fulbright Scholar, Miss Bedward is currently a Doctoral Candidate at UWI, Mona, where she is pursuing transport studies at the Institute of Sustainable Development. She holds a MSc. in City and Regional Planning (Transport Specialization) from Georgia Institute of Technology, Atlanta, USA and a M.Sc. from the University of the West Indies, St. Augustine, in Planning and Development. In her substantive role as the Senior Director, Transport Policy (International & Land), in the Ministry of Transport and Mining she is responsible for all transport-related policy issues. Miss Bedward represents the Ministry 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 thirty years' experience. He earned a Bachelor of Science Degree in Civil Engineering from the University of the West Indies in 1986 and began his career at the Public Works Department (PWD) of the Ministry of Construction (Works). Since joining the PWD in 1986 he has remained there through its transition to the National Works Agency (NWA).

In his post as Director of Planning & Research Mr. Rose's responsibilities include the processing of all subdivisions and development applications, and making recommendations to the Parish Municipalities, and the National Environment and Planning Agency for approval of these applications.

Other key responsibilities include the build-out and maintenance of the country's Traffic Signal Plant and the preparation and approval of alignment for new highways islandwide.

Mr. Rose represents the NWA on the Toll Authority's Board and sits on the board of trustees of the Executive Agencies' Pension Scheme. He currently chairs the NWA's Procurement Committee.



SHERNETTE N. GUTHRIE – DIRECTOR

Ms. Guthrie is a career banker with over 20 years' experience in Commercial Banking, and is employed in the capacity of Personal Financial Officer at the National Commercial Bank Jamaica Limited. Throughout her career she has garnered expertise in sales and Needs Analysis; conflict resolution and coaching; customer service and relationship building; as well as communication and strategic planning.

Ms. Guthrie holds a Master's in Business Administration with a focus on Banking and Finance from the Mona School of Business and Management, UWI; a Postgraduate Diploma in Business Administration; as well as Certification in Project Management (Mona School of Business and Management) and Certification in Jamaican Securities from the Jamaica Institute of Management.

BOARD Members Continued



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, Jamaica. He has over 10 years' experience in the Engineering and Construction industry and is a member of the Jamaica Institution of Engineers.

He 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 has a Master of Science Degree in Construction Management from FIU and a Bachelor of Science in Physics from Boston College, Chestnut Hill Massachusetts.

Prior to becoming a university lecturer, Mr. Edwards was a science teacher at the Holy Trinity High School and while there, due to his involvement in various charitable 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, who is Director of Projects at the Tourism Product Development Company, has worked as a Civil Engineer in both the private and public sectors. He is currently Chairman of the Authority's Technical Committee.



DAVID H. P. LAZARUS – DIRECTOR

Mr. David Lazarus is a businessman with over 30 years' management experience. His expertise spans 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's Technical Committee, his responsibilities include oversight of all issues related to road-users' safety, as well as all standards and regulations to be adhered to by the concessionaires. Mr. Lazarus' knowledge of the Authority's operations is a long-standing, as he previously served on the Board between 2008 and 2011.



PAULA R. E. FLETCHER – DIRECTOR

Mrs. Fletcher has over 40 years' working experience as a management specialist, primarily in the social sector. She holds a Master's in Business Administration (Honours), majoring in Finance, from UWI, Mona. She also has Traffic Safety Management certification from the following institutions: – the International Development Cooperation Agency, Sweden; National Road & Transport Research, Sweden, (1997); Road Safety Audit Management (conducted in Jamaica by the Aston University, Birmingham, 2012); Defensive Driving & 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).

During her tenure as head of the Canadian Cooperation Office at the Planning Institute of Jamaica where she spent several years, her primary areas of focus were: strategic planning; project planning; formulation/ execution/implementation/ management and evaluation.

As Executive Director of the National Road Safety Council, a position she has held since 1996, Mrs. Fletcher has overall responsibility for the execution of the Council's mandate to reduce the level of vehicular accidents which cause fatalities and injuries. She currently chairs the Authority's Audit Committee.

BOARD Members Continued



DAPHNE R. TAYLOR – DIRECTOR

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



CALVIN L. ALLEN – DIRECTOR

Mr. Allen is the Assistant Commissioner of Police in charge of the Operations Branch, with a wealth of knowledge and experience in Strategic Operational Planning and Implementation.

He has a Master of Science Degree in National Security and Strategic Studies and a Certificate in Management Studies from the University of the West Indies, Mona. He also holds a Certificate in Caribbean Defence & Security from the National Defence University for Hemispheric Studies in Washington D.C. and has completed a course at the Strategic Command Level at the Jamaica Constabulary Force (JCF) Staff College.

In 2012, the Governor General presented Mr. Allen with the Medal of Honour for Meritorious Service, 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 Barrack Obama to Jamaica. In addition to serving on the Board of the Toll Authority, Mr. Allen is Vice-President of the Board of Directors for the Public Sector Employees' Co-operative Credit Union Limited, and he also represents the JCF on the following Boards: the Transport Authority; ODPEM; and the Island Traffic Authority.

He is a past Chairman of the Officers' Association and his visionary leadership resulted in the construction of the Traffic Division Road Safety Hub- the result of a rich partnership established with corporate Jamaica.

This facility was the first of its kind in Jamaica and the Caribbean.



EWAN SIMPSON – DIRECTOR

Mr. Ewan Simpson has been a practising Attorney-at-law for the last 15 years and holds a Master of Laws Degree in Intellectual Property from the University of Turin (Italy). He is currently the General Manager of Legal and Corporate Services at the Transport Authority and serves on several boards, both in the public and private sectors, including the Entertainment Advisory Board where he is Deputy Chairman, and the Jamaica Reggae Industry Association (JaRIA), where he serves as Chairman.

A graduate of the University of the West Indies, Mona, he also has specialist professional training in Project Management (Mona School of Business); Public Sector Procurement (INPRI); Civil Aviation Management (IATA); and Corporate Governance (Govstrat).

BOARD STRUCTURE

Roles and Responsibilities

During the 2019/2020 financial year, the Toll Authority benefitted from the stewardship of a Board of Directors comprising of 11 members. These members shared competencies in business law; finance; engineering; auditing; research; and policy development. The Board assigned responsibilities to Committees to provide direction on specific strategic initiatives to effectively execute and strengthen its governance function.

The Toll Authority's Board of Directors was divided into five (5) Committees, namely Audit; Legal; Finance; Technical; and Procurement. Each Committee was guided by a Terms of Reference which outlined its roles and functions. These Committees reviewed and monitored policies, with the guidance and ratification of the Board of Directors. As such, the Board acted on the recommendations of the Committees following their review and advised on proposals submitted by the Toll Authority's Management team.

It should be stated that no performance evaluation was done in respect of the Board and its members during the period under review. However, going forward, it was proposed to ensure that the required evaluation is done annually.

THE BOARD COMMITTEES ARE SHOWN BELOW



BOARD AND COMMITTEE MEETINGS

During the 2019/2020 financial year, the Board of Directors held a total of five (5) meetings. The Committees met frequently to discuss matters within their remit and advised the Board accordingly.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS						
April 2019 - March 2020						
	BOARD	FINANCE	TECHNICAL	LEGAL	AUDIT	PROCUREMENT
DIRECTORS	MEETINGS	COMMITTEE	COMMITTEE	COMMITTEE	COMMITTEE	COMMITTEE
	(5)	(12)	(4)	(3)	(1)	
Mr. Hugh Faulkner	5			3		
Mr. Fitzbert Mattis	4	12				
Mr. Patrick Rose	4	10	4			
Ms. Shernette Guthrie	4	11				
Mr. David Lazarus	3		3			
Ms. Tanya Bedward	4		3	2		
Ms. Daphne Taylor	1					
Mr. Calvin Allen	4		3			
Mr. Stephen Edwards	1		2		1	
Mrs. Paula Fletcher	3				1	
Mr. Ewan Simpson	3			1		



Committee Reports

FINANCE COMMITTEE

Mr. Fitzbert Mattis chaired the three - (3) - member Finance Committee, which met on a monthly basis to review the Authority's financials. A total of twelve (12) meetings were held during the year.

Issues Highlighted

1. Monthly Financials
2. Allocation of Monitoring Fees
3. Investment Options for the Toll Authority's Funds
4. Monthly Cash Flow Forecasts
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 Jamaica
9. Standard Operating Procedures
10. Business Continuity Plan
11. Asset Insurance
12. Project Status Updates

TECHNICAL COMMITTEE

Mr. Stephen Edwards chaired the seven - (7) - member Technical Committee which held four (4) meetings during the 2019/2020 financial year.

Issues Highlighted

1. Applications from the concessionaires for the closure of Toll Lanes and directions for general traffic management and safety issues
2. Technical matters requiring the Authority's Input
 - Technical Standards
 - Toll Road Safety Issues
 - Design-related issues
3. Issues relating to the use, benefits, and optimization of the Highway
4. Slope protection activities on the North-South Highway
5. Gazetting of the 60km/H Signs
6. Procedure for prosecuting concessionaires based on new regulations



TECHNICAL COMMITTEE CONT'D

7. The issue of hydroplaning on sections of Highway 2000
8. The need for repairs to the escape lanes along K62 & K65 of the North-South Highway
9. The assessment of repairs to settlements on the East-West Highway
10. Toll Road Comparative Study
11. Social Impact Assessment for Phase 1C of the East-West Highway
12. The presence of advertisements on the North-South Highway and the safety concerns
13. The synchronization of the anniversary date for the varying of toll rates

LEGAL COMMITTEE

Mr. Hugh Faulkner chaired the Legal Committee during the 2019/2020 financial year and he was supported by a three - (3)- member team. During the period three (3) meetings of this committee were convened.

ISSUES HIGHLIGHTED

1. The legislative framework governing the Authority and recommendations and suggestions for its amendment.
2. Review of the laws and related documentation
3. Recommendations on policies which have legal implications

4. The synchronization of the anniversary dates for the varying of toll rates
5. Review of the new Toll Road Regulations
6. The proposal to integrate the Authority with the Ministry of Transport and Mining
7. The expansion of the Legal Committee

AUDIT COMMITTEE

Ms. Paula Fletcher chaired the two - (2)- member Audit committee during the 2019/2020 financial year and one (1) meeting was held during the period.

ISSUES HIGHLIGHTED

1. **A.** Practices and procedures to promote productivity, quality and volumes of service
B. The extent to which the objectives of the organization are being achieved
C. The adequacy, efficiency and effectiveness of the accounting and internal control and systems
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

PROCUREMENT COMMITTEE

No report has been submitted for this Committee as it has been inactive for some time.



REPORT OF THE BOARD

Directors

Toll Roads of Jamaica

The Jamaican toll roads comprise three (3) sections.

THE EAST-WEST LINK is managed by the concessionaire TransJamaica 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).

- 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 six (6) kilometres

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

- 3.** The approximately 64 km long roadway is divided into five (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 CONDITIONS OF THE INFRASTRUCTURE ON THE EAST-WEST TOLL ROAD (TJH)

OPERATIONS & MAINTENANCE HIGHLIGHTS

Road Surface: The road surfaces generally remained in good condition. Crack sealing was done along the affected areas in order to preserve the integrity of the pavement substructure.

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 completely deteriorated, resulting in water leakage. The 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 joint failure and the dislodgement of the joint-filled material as a result of corrosion.

Drainage Structures: Except for some isolated areas, the highway's drainage and structures were found to be in good condition. The kerb drains were generally in good condition, except for a few drains where restrictions were detected due to improper disposal of garbage, shrubs, cut vegetation and silt. Silt build-up was noticeable in several chutes. This build-

up was mainly due to surface water washing the silt down to the base of the chutes.

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

Road Markings: Road markings remained in a generally good condition notwithstanding the fact that there were several sections that remained in dire need of repair. Raised pavement markers (cat-eyes) along the highway had not been effectively maintained, as there were several sections where these facilities were completely worn.

Fencing: The replacement of damaged and stolen fences continued to be an expensive venture for TJH/JIO. However, the Jamaica Constabulary Force (JCF) has provided continued support through patrol operations and investigations in an effort to address the problem.

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 had not been built in accordance with AASHTO standards and the design was being reviewed.

Bridges: There was currently, no observed structural deficiency associated with the bridges.

Drainage Structures: The drainage structures along the highway appeared to be in good condition. In fact, the capacity of the drainage system has proven to be beyond that which was required during 2019/2020.

Road Markings and Signage: "REDUCE SPEED WHEN WET" signs were placed at strategic positions to deter motorists from speeding in rainy conditions. Speeding on wet surfaces continued to be a major contributor to accidents along the highway.

Fencing: There has been ongoing theft and vandalism of fencing along this corridor. This 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: Shows guardrails being repaired. Repairs to guardrails were scheduled to be completed within three (3) weeks, barring damage due to accidents or related incidents.



FIGURE 1.5: Above shows the reconstruction of a V-drain along the roadway. V-drains facilitate adequate drainage of the roadway.



FIGURE 1.6: Above shows the reconstruction of one of the Escape Lanes along the northbound leg of the toll road. These escape lanes were designed to facilitate runaway vehicles.



FIGURE 1:7: Shows repairs being done to the Jersey Barrier. These barriers significantly reduce the likelihood of head-on collisions.



FIGURE 1:8: Above shows the removal of excess vegetation from an infiltration pond along the northbound leg of the toll road. Infiltration ponds significantly reduce the likelihood of flooding of nearby communities.



Figure 1:9: Above shows road marking being conducted at one of the toll plazas.



FIGURE 2:0: Shows tyre shredders being checked to ensure that they were in proper working order. This has to be done on a bi-annual basis before recertification by the Toll Authority.



FIGURE 2:1: Shows a damaged guardrail. These traffic control devices serve as a temporary safety measure aimed at alerting motorists of danger.



FIGURE 2:2: Shows the removal of concrete that was spilled on the road from a truck.

TOLL PLAZA – TRAFFIC TREND

TABLE 1.0 – VINEYARDS TOLL PLAZA – TRAFFIC TREND

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
2015/16	299,431	302,172	293,560	316,281	319,200	283,021	296,651	296,299	372,252	328,128	290,518	333,418	3,730,931
2016/17	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
2017/18	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
2018/19	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
2019/20	369,172	379,160	372,106	396,502	404,445	359,245	384,576	393,765	459,977	421,408	375,965	318,623	4,634,944

VINEYARDS TOLL PLAZA – TRAFFIC TREND

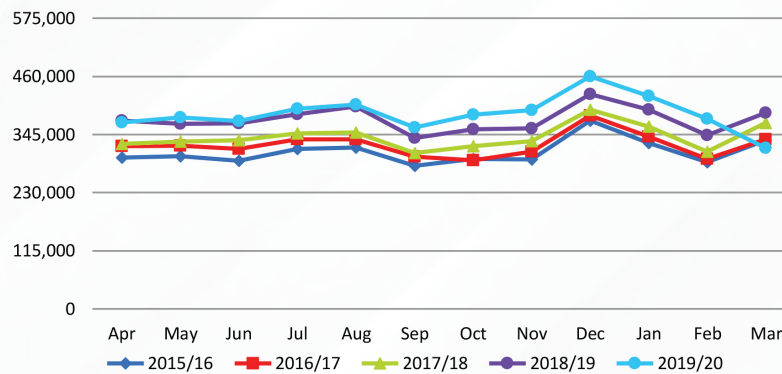
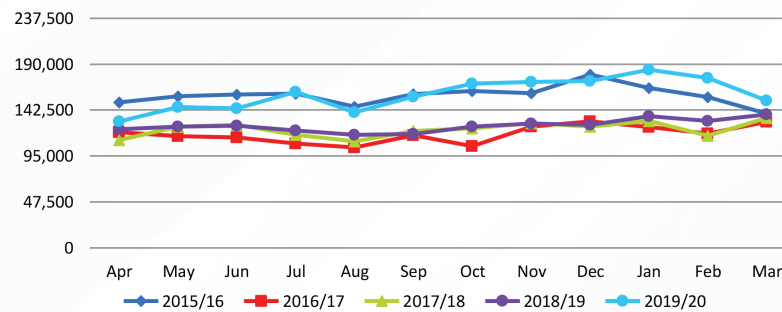


TABLE 1.1 – SPANISH TOWN TOLL PLAZA – TRAFFIC TREND

	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
2019/20	130,644	145,515	144,173	161,446	140,315	156,296	169,839	171,727	172,285	184,333	175,448	152,299	190,4320

SPANISH TOWN TOLL PLAZA – TRAFFIC TREND



PORTMORE TOLL PLAZA –TRAFFIC TREND

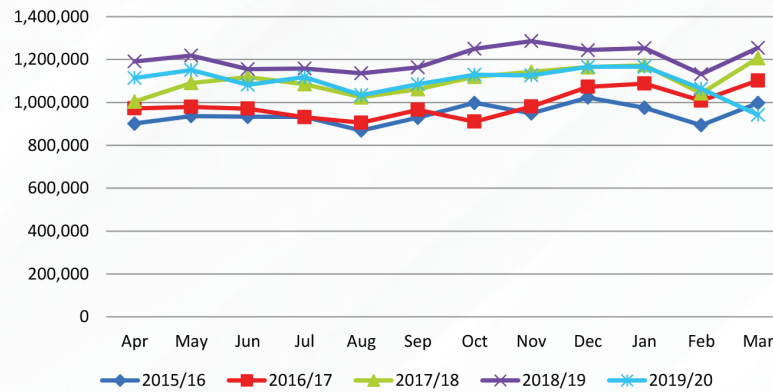


TABLE 1.2 – MAY PEN TOLL PLAZA – TRAFFIC TREND

	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
2019/20	336,025	344,390	339,348	365,299	384,177	338,577	362,373	367,780	430,374	395,126	353,206	307,650	4,324,325

MAY PEN TOLL PLAZA –TRAFFIC TREND

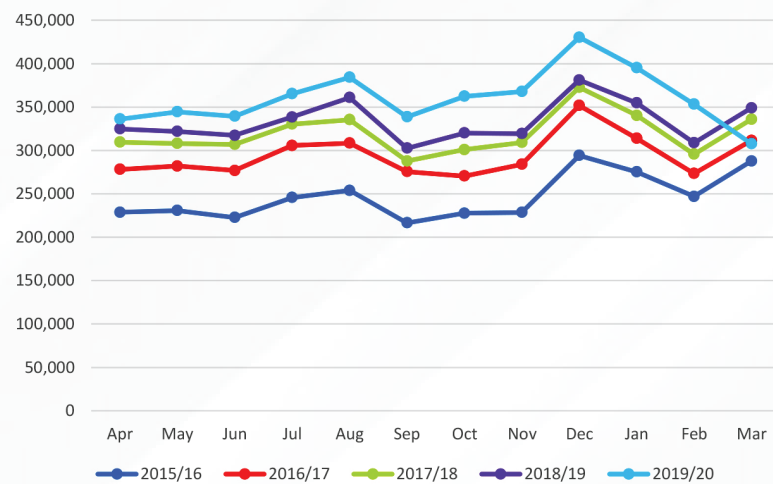


TABLE 1.3 – AVERAGE DAILY TRAFFIC AT THE TOLL PLAZA'S (EAST WEST HIGHWAY)												
PLAZA	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Vineyards	11,722	10,674	9,793	10,305	10,148	9,622	9,615	10,090	11,498	11,191	12,075	12,698.48
Spanish Town	5,169	5,028	5,125	5,244	5,282	4,763	4,692	5,188	3,868	4,029	4,089	5,217.32
Portmore	37,025	35,006	33,254	32,797	31,884	31,184	29,943	30,847	32,564	36,251	38,971	36,111.77
May Pen	-	-	-	-	-	7,360	7,378	7,720	9,675	10,499	10,843	11,847.47
Total	53,916	50,708	48,172	48,346	47,314	52,929	51,628	53,845	57,605	61,970	65,978	65,875.03

Table 1.3 above shows comparative data on the average daily traffic of all the Toll Plazas on the East West Highway. During the 2019/2020 financial year, the average daily traffic recorded was 65,875. This reflected a decrease in usage of 103 (0.2%) when compared to the previous year, which had an average daily traffic of 65,978.

Traffic Trends for the North-South Highway during the 2019/2020 Financial Year

Table(s) 1.4 and 1.5 below gives a detailed representation of the traffic trends for the North-South Highway. December 2019 recorded the highest monthly traffic trend of 13,932 as well as the highest total traffic count of 433,376. During the financial year, traffic on the North-South Highway increased by approximately 510,523 when compared to the 2018/2019 financial year. The North-South Highway had a total traffic count of 4,448,777 in the year under review; as opposed to a total traffic count of 3,938,254 in the previous financial year.

TABLE 1.4 – MONTHLY WEEKEND TRAFFIC TREND													
	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	Total
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	127,569
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	132,679
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	134,620
2019/2020	11,407	10,906	11,264	11,977	12,898	11,050	12,105	12,491	13,932	12,852	11,864	7,856	140,602

TABLE 1.5 TOTAL TRAFFIC COUNT FOR THE YEARS 2016-2020 (2016/2017-2019/2020)													
	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	Total
2016/2017	246,620	257,026	256,485	287,343	281,046	230,418	229,216	235,127	287,880	260,683	224,543	292,229	3,088,616
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	3,355,128
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	3,938,254
2019/2020	349,662	348,313	344,125	385,125	393,811	349,683	395,022	382,600	433,376	409,592	363,589	293,879	4,448,777

TOTAL COLLISIONS ON THE TOLL ROAD PER ANNUM

Total Collisions on the Toll Roads: East-West & North-South

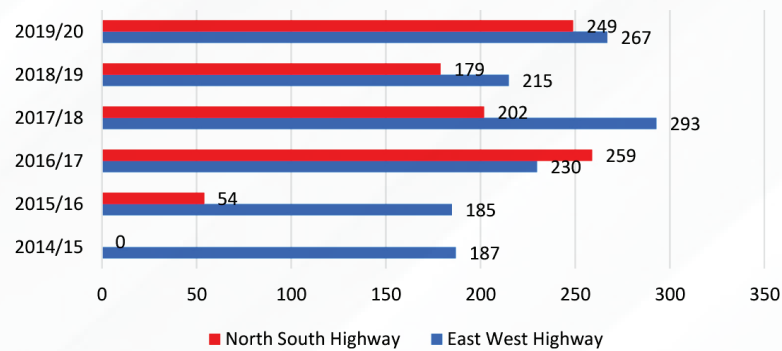


FIGURE 1.6 above shows the total number of collisions on the East-West and the North-South Highways.

There were 267 collisions on the East-West Highway during the 2019/2020 financial year, while in 2018/2019 there were 215, thereby reflecting an increase. There were 70 more collisions on the North-South Highway in 2019/2020 than in 2018/2019, which had 179 incidents of collision. 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 (65 Km) were opened during the 2016/2017 financial year.

PIE CHART SHOWING CAUSES OF COLLISION ON TOLL ROADS

Identifiable Causes of Collisions on Toll Roads

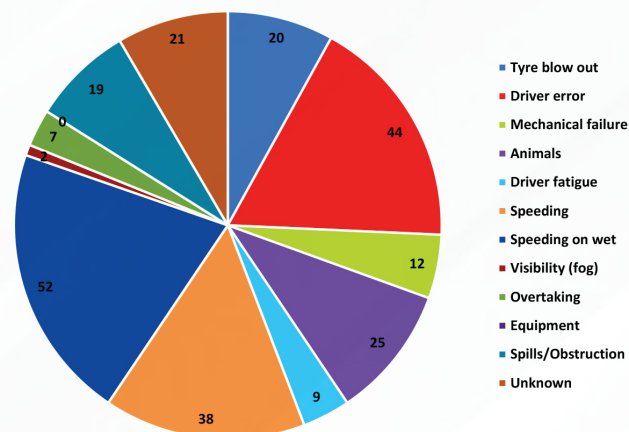


FIGURE 1.7 above shows the identifiable causes of collisions on the North-South and East-West toll roads during the 2019/2020 financial year. Speeding resulted in a total of 38 collisions, while speeding on a wet roadway accounted for 52. Mechanical failure and bad driving accounted for 12 and 44 collisions, respectively.

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

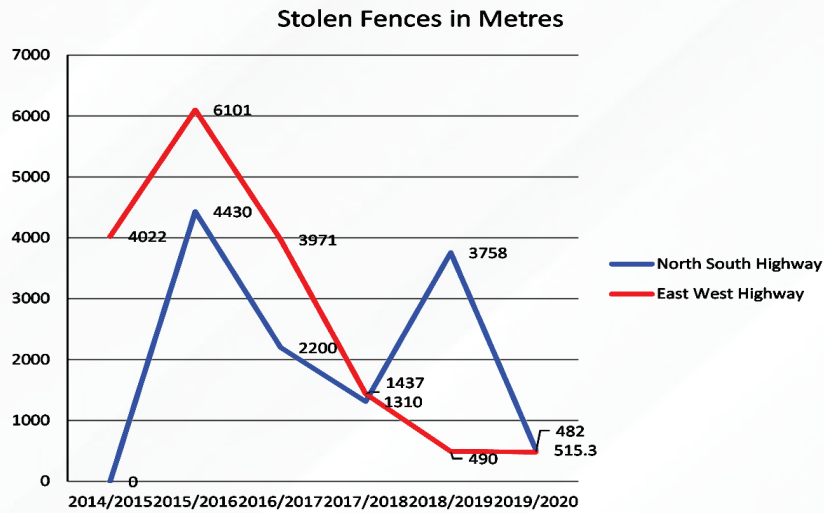


FIGURE 1.8 above shows stolen fences in metres on both legs of the toll road. However, since the 2015/2016 financial year, there has been a significant reduction in the number of metres of fencing that has been stolen from the East-West Highway. During the 2019/2020 financial year, 482 metres of fencing were stolen on the East-West Highway and 515 metres on the North-South Highway. Despite this, the North-South Highway saw a reduction in the amount of fencing stolen during the year under review.

DAMAGED FENCES IN METRES FOR THE EAST-WEST HIGHWAY

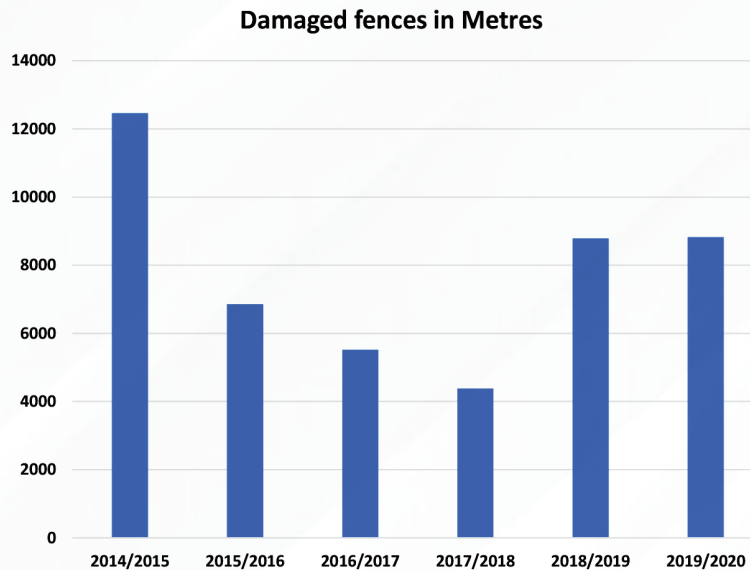


FIGURE 1.9 above shows damaged fences in metres on the East-West Highway during the financial years 2014/2015 to 2019/2020. A total of 8,827 metres of fencing was damaged during the 2019/2020 financial year, representing an increase of 35 metres compared to the previous financial year. Notably, the 2014/2015 fiscal year had the highest level of damaged fencing, totalling 12,463 metres.

NUMBER OF ANIMALS SIGHTED ON THE EAST-WEST AND NORTH-SOUTH HIGHWAYS RECORDED BY YEAR

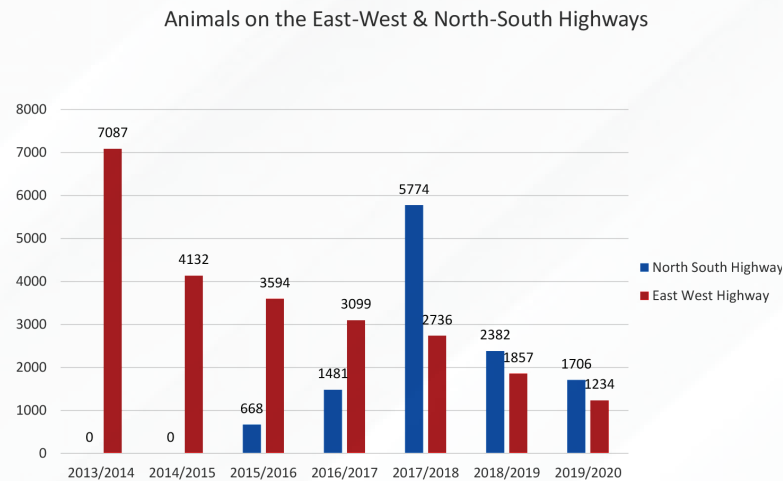


FIGURE 2.0 above shows the number of animals sighted on the East-West and North-South Highways during the 2013/2014 to 2019/2020 financial years. A total of 1,706 animals were sighted on the North South Highway and 1,234 on the East West Highway.

Animals 2019/2020	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Goats	156	77	42	123	224	85	174	48	57	107	25	13	1,131
Others	10	4	3	2	13	20	7	18	11	10	4	1	103
Total 2019/20	166	81	45	125	237	105	181	66	68	117	29	14	1,234
Total 2018/19	163	146	74	133	169	164	123	202	58	143	274	108	1,857
Total 2017/18	190	213	102	211	284	219	171	262	333	292	194	265	2,736
Total 2016/17	247	273	437	328	352	380	403	213	246	220	247	291	3,099

FIGURE 2.1 above shows details of the types of animals sighted on the East-West Highway during the 2019/2020 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, and the data has revealed that all targets were achieved. (The projections for the 2020/2021 financial year are also included here).

MAINTENANCE MONITORING PROGRAMMES		2019/2020 April – March 1st , 2nd , 3rd & 4th Quarters		
	Target	Actual	% Achieved	Projections 2020/2021 FY
Requested, inspected and reviewed Developer's Timetable of programmed operational and maintenance activities.	2	2	100%	2
Inspected, reviewed works and records on activities carried out under Developers' Timetable of programmed activities.	2	2	100% *	2
Reviewed results/reports on Operators' inspections. Followed-up on expected actions.	On going	On going	On going	On going
Verified whether there was any case of serious hazard requiring emergency repairs.	On going	On going	On going	On going
Reviewed and verified whether measures taken by the Operators' were adequate.	On going	On going	On going	On going
OPERATIONS MONITORING PROGRAMMES		2019/2020 April-March 1st , 2nd, 3rd & 4th Quarters		
	Target	Actual	% Achieved	Projections 2019/2020 FY
Garnered data from road users.	On going		-	-
Inspected Operators' register of written queries/complaints to determine level of successfully determined complaints.	24	24	100%	24
Reviewed traffic levels' data (once per month per Operator).	24	24	100%	24
Reviewed frequency of accidents and incidents (once per month per Operator).	24	24	100%	24
Determined & identified shortcomings in signs or equipment which affect the convenience and safety of traffic.	On going	On going	On going	On going
Reviewed policing activities and efficiency of strategies and measures.	On going	On going	On going	On going

INSPECTION TARGETS FOR THE TOLL ROADS				
Planned Programme 2019/2020				
April-March 1st , 2nd ,3rd & 4th Quarters				
INSPECTION	Target	Actual	% Achieved	Projections 2020/2021 FY
Conducted routine inspections of infrastructure - 6 per major segments of road (18 for EW & 30 for NS per Quarter)	216	216	100%	240
Conducted service level reviews - 6 per major segments of road (18 for EW & 30 for NS per Quarter)	216	216	100%	240
Reviewed Operators' 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
Inspected 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
Reviewed 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
Investigated, verified and research claims and complaints - assisted in initiating conciliation and resolution	On going	On going	On going	On going



Major Achievements



The Toll Authority's major achievements for the fiscal year 2019/2020 are highlighted below:

- **Social Impact Assessment May Pen to Williamsfield Leg of H2k - to promote sustainable development of the toll road infrastructure, while ensuring that communities are not at a disadvantage due to the roadway expansion**

The Terms of Reference (ToR) proposed for consultancy was submitted and approved by the MTM's Procurement Committee in December 2019. The Centre of Leadership and Governance (UWI), was awarded the contract to conduct the Social Impact Study.

This entailed an impact assessment of surrounding communities along the May Pen to Mandeville leg of Highway 2000. Commencement of the study was stalled by the onset of the COVID-19 pandemic. This project will be completed in the 2020/2021 financial year.

- **Increased Public Relations Activities**

In order to improve the Authority's presence and interaction with our primary stakeholders, namely, the users of the toll roads, we embarked on a campaign to increase our presence using social and traditional media. This initiative started in January 2020 with the hiring of a private marketing firm. We have since had increased feedback from the public regarding our media presence.

- **Enhanced Legal, Regulatory and Contractual framework within the tolling industry as outlined in the National Transport Policy**

In order to achieve this objective, the existing Toll Roads Act was continuously reviewed, with submissions to our portfolio Ministry, which reviewed these submissions and provided feedback. In measuring performance, stakeholders were engaged to review the Regulations, and there were requests for the timely gazetting of laws. The Concession Agreements were reviewed and recommendations made for adjustments.

- **Provided institutional and governance strengthening for the Authority that enabled compliance with the requirements of the Corporate Governance Framework, PBM & A Act and Toll Roads Act**

This was achieved through the strategic placement of highly trained staff to ensure that operations and maintenance of the toll roads were being undertaken in accordance with the provisions of the respective Acts. To this end, team members were exposed to both local and international courses and seminars; and information-sharing was emphasized to ensure that all team members understood how their individual contributions tied into the success of the agency.

In compliance with the Corporate Governance Framework, we have achieved seventy-five (75%) per cent of set targets. The lack of success in meeting all the targets was due to COVID-19-related disruptions, resulting in course cancellations or rescheduling of initiatives for the upcoming year. The engagement of a part-time accountant allowed the agency to fulfil its financial obligations in relation to accountability and transparency in the use of monitoring fees, as stipulated in the Concession Agreement. The services of a part-time Corporate Secretary were also secured, which guaranteed that minutes of Board and Committee meetings were professionally recorded, and corporate records were maintained in keeping with the requirements of the PBMA Act. At the close of the 2019/2020 fiscal year, these objective had been fully met.

In addition to the above initiatives, the Authority had also sought to implement a Business Continuity Plan. However, to date, the proposal is still in the research phase. This will be fast-tracked in the upcoming financial year.

- **To provide real-time monitoring capabilities and assist in providing improved security on the toll roads**

In order to achieve this objective, the Authority sought to combine efforts with the NWA and TransJamaican Highway for the installation of cameras along the corridors. A submission in this regard has been made to Cabinet, pending approval. Thereafter, the required equipment will be sourced in keeping with government procurement guidelines; and installation will be done during the new financial year. In the interim, the Authority is endeavouring to assist the Police Traffic Division of the Ferry Police Station to refurbish its facilities in order to improve its capacity to facilitate real-time monitoring of the toll roads.

- **Monitoring Operators to ensure compliance with the Toll Roads Act**

Aggressive monitoring was done during the period under review and our targets for monitoring and surveillance were met.

This was achieved through routine inspections of infrastructure; traffic control management; employee safety practices; and observation of traffic flows. Post-monitoring reports were prepared and submitted to the Chief Executive Officer and the Technical Committee for their review.

MAJOR PRIORITY PROGRAMMES / INITIATIVES FOR 2020/2021

1. The Toll Authority aims to promote sustainable development in the operation of the toll road infrastructure, while advancing the requirements and standards for an environmentally friendly transport system, in accordance with the National Transport Sector Plans. This will be addressed in the second phase of the Social Impact Study of the North-South toll roads, to identify solutions for specific communities negatively impacted by the development, expansion 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 create Terms of Reference for the development of a National Toll Road Concept Plan, which dovetails into the National Strategies for the expansion and rationalization of land transport and infrastructure. Research initiatives will begin in 2020/2021.
2. With the setting up of the real-time monitoring equipment on the East-West link of Highway 2000, the Authority is embarking on an initiative to refurbish the Traffic Division of the Ferry Police Station that monitors that highway corridor.
3. The Authority will also continue to encourage communication with road users to strengthen its corporate image, and to promote road safety in accordance with the National Transport Policy. This involves ensuring that the Toll Road Safety and Public Service Announcements receive airplay on the major radio stations each quarter. In this regard, we will take the necessary steps to ensure that the following are achieved during the 2020/2021 financial year:
 - provide more accessible corporate information to toll road users;
 - use the Toll Authority's website, mass media and social media to promote toll road safety; and establish Communication Plans partnering with the Toll Road Operators to increase awareness and compliance with the law, policies and procedures governing the toll roads.

Financial Performance FOR 2019/2020



The difference represented funds not utilized due to delays in implementation of planned research project(s) and the fulfillment of our corporate social responsibility activities.

These delays were stated, acknowledged and accounted for in the budgetary submissions for the 2020/2021 financial year. The total expenditure of \$39.38M was \$2.6M above the cost reported in the corresponding year of 2018/2019.

Other planned programmes saw a decrease in spending of \$0.93M due to the COVID-19 pandemic. The decrease was attributable to overseas travel to attend i) the annual International Bridge Tunnel and Turnpike Association (IBTTA) conference and ii) local seminars and workshops, which were instead facilitated virtually.

The attendant costs that would have otherwise been incurred for airfare, registration fees, lodging and subsistence while overseas, were therefore avoided. The total expended was \$0.45M, less than the budgeted sum of \$1.37M by \$0.92M.

The Authority will endeavour to contain its expenditure within projections, while facilitating the effective and efficient implementation of its mandate - that is: **“to ensure that Jamaica’s toll roads are effectively and efficiently developed and managed in accordance with agreed performance and safety standards, service levels and practices and assist in creating an enabling environment for all stakeholders”**; to which all our projects, programmes, procedures and policies are aligned.

**Financial Targets table, located on page 32*

The table below provides an outline of the Toll Authority’s income and expenditure during the period under review, with targets and a prior year comparative position.

Revenue for the financial year 2019/2020 totalled \$52.05M, below the budgeted sum of \$52.64M by \$0.59M. This included a Government Grant of \$16.16M, Monitoring Fee of \$32.66M (US\$250,000) from the Jamaica North South Highway Company Limited and \$3.34M from other income and interest income. This was \$9.62M more than the \$42.43M realized in 2018/2019.

The Authority, in implementing its various policies, programme and projects expended a total of \$39.38M during the period under review, which was \$21.39M less than the budgeted expenditure of \$60.77M.

Financial Targets

FOR 2019/2020

	2019/2020		2019/2020
	Target \$'000	Actual \$'000	Actual \$'000
Income:			
Government Grant	18,411	16,155	9,346
Monitoring Fee	32,125	32,657	31,506
Interest Income	2,108	2,509	1,579
Other Income	-	733	-
TOTAL	52,644	52,054	42,431
Expenditures:			
Salaries and Wages	18,412	16,247	14,445
Travelling and Upkeep	8,595	7,080	6,369
Rent	2,049	1,964	1,882
Communication	532	443	438
Goods and Services	16,177	11,053	11,826
Approved Projects	14,000	1,520	
Non Cash Expenses:			
Depreciation	1,006	1,071	949
Exchange Gain/(Loss)	-	(909)	872
TOTAL	60,771	38,469	36,781
Transfer to/(from) reserve	(8,127)	13,585	5,650



CORPORATE SOCIAL *Responsibility*

The Toll Authority in fulfilling its corporate social responsibility mandate, adopted the Toll Gate Primary and Infant School in Toll Gate, Clarendon. This initiative was approved by the Ministry of Education, Youth and Information. Fortuitously, the school's name is the same as our organization's; and history has it that the community of Toll Gate was the first location in Jamaica where there was a "toll" applied for the passage of animals over a certain distance travelled.

On visiting the school, there were a number of projects to be undertaken. However, the administration highlighted the need for the building of a multi-purpose basketball and netball court. This will significantly boost their Physical Education Department's capacity to engage the students' interests in the two sports.

The project was scheduled to start in February 2020, but was impacted by the closure of schools due to the onset of COVID-19, and the attendant restrictions in the construction industry. The project will, therefore, be completed in the new financial year, and the expectation is that it will be formally handed over in September 2020 when the new school year begins.



The sum of \$81,539,427 was approved for the financial year 2020/2021. This is inclusive of Recurrent expenditure of \$55,040,000. The approved sum also includes a figure of \$16,255,427 for employees' compensation and \$10,244,000 for travel expenses and subsistence. Thirteen point six million (\$13,603,000) of this sum for employees' compensation will be funded by the Ministry of Finance and the Public Service, while travelling and subsistence and the sum for Recurrent Expenditure will be funded with monitoring fee payments.

Therefore, of the total approved budget, \$67,936,427 will be paid from AIA funds. As such, the budget will be partially funded from retained earnings brought forward.


HUGH FAULKNER
Chairperson

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	19/20	3,744,317	-	1,697,456	-	-	5,441,773
Senior Inspector	19/20	2,714,108	-	2,290,772	-	-	5,004,880
Corporate and Administrative Manager	19/20	1,650,834	-	812,696	-	-	2,463,530
GRAND TOTAL		8,109,259	-	4,800,924	-	-	12,910,183
Gratuity represent actual payment by the Ministry however amounts accrued and reported in the previous year audited reports are as follows:							
Senior Executive officers Gratuity (no payment made for the reporting period)							-
Other Gratuity (Non-Executive staff)							46,315
Total							46,315
Amount of gratuity reported but not paid in during the year							2,385,800
Gratuity reported in Audited financial statements current year							2,432,115
Uniform							5,420
Staff Allowance and other benefit as reported in Audited financial statements (Note 16)							2,437,535

DIRECTORS' COMPENSATION

Board Member	Position of Director	Fees	Motor Vehicle Upkeep/Travelling or value of Assignment of Motor Vehicle	Honoraria	All other Compensation including Non- Cash Benefits as Applicable	Total
1	Mr. Hugh Faulkner	78,000	-	-	-	78,000
2	Mr. Fitzbert Mattis	113,200	132,755	-	-	245,955
3	Mr. Patrick Rose	83,200	-	-	-	83,200
4	Ms. Shernette Guthrie	67,600	-	-	-	67,600
5	Ms. Tanya Bedward	49,600	-	-	-	49,600
6	Mr. David Lazarus	31,800	-	-	-	31,800
7	Mr. Stephen Edwards	19,000	-	-	-	19,000
8	Mr. Calvin Allen	38,800	-	-	-	38,800
9	Ms. Daphne Taylor	7,000	-	-	-	7,000
10	Mrs. Paula Fletcher	30,600	-	-	-	30,600
11	Mr. Ewan Simpson	17,600	-	-	-	17,600
Grand Total		536,400	132,755	-	-	669,155



FINANCIAL
Statements

TOLL AUTHORITY

FINANCIAL STATEMENTS

FOR YEAR ENDED 31 MARCH 2020

**Dalma P. James and Associates
Chartered Accountants
22A Old Hope Road
Kingston 5
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TOLL AUTHORITY
FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Toll Authority set out on pages 5 to 25, which comprise the statement of financial position as at 31 March 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising 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 Company as at 31 March 2020, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) for Small and Medium Enterprises, and the Jamaican Companies Act.

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 Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that

Proprietor: Dalma James MSc, ACCA

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

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, 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. Independent Auditor's Report to the Board of Directors of Toll Authority in assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention to 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 Company 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 presents a true and fair view.

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

Other Matter

The financial statements of the prior period were audited by a predecessor auditor who issued an unqualified opinion on 31 March 2019.

Report on additional matters as required by the Jamaican Companies Act

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 Jamaican Companies Act, in the manner required.

Delma P. James and Associates
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CHARTERED ACCOUNTANTS

22a Old Hope Road

Kingston 5

Jamaica

Date: 27 October 2020

TOLL AUTHORITY
STATEMENT OF COMPREHENSIVE INCOME
FOR YEAR ENDED 31 MARCH 2020

	<u>Notes</u>	<u>2020</u> \$	<u>2019</u> \$
Revenue			
Government Grants	13	16,154,864	9,345,989
Monitoring Fee	14	32,656,875	31,506,250
Other Income	15	<u>3,242,007</u>	<u>1,578,712</u>
		52,053,746	42,430,951
Less:			
Administrative Expenses and Finance Costs		<u>39,378,074</u>	<u>35,910,043</u>
Operating Income for the Year		12,675,672	6,520,908
Exchange Gain/(Loss)		<u>908,816</u>	<u>(871,727)</u>
Total Comprehensive Income for the Year		<u><u>13,584,488</u></u>	<u><u>5,649,181</u></u>


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

TOLL AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2020

	<u>Notes</u>	<u>2020</u> \$	<u>2019</u> \$
ASSETS			
<u>Non-Current Assets</u>			
Property, Plant and Equipment	4	3,908,059	4,173,487
Intangible Assets	5	156,254	310,617
Investments	6	42,457,874	23,166,661
		<u>46,522,187</u>	<u>27,650,765</u>
<u>Current Assets</u>			
Due from related Party	7	2,387,800	876,720
trade & Other Receivables	8	1,543,422	15,919,158
Short Term Investments	9	14,901,771	17,767,905
Cash and Cash Equivalents	10	30,915,014	15,170,759
		<u>49,748,007</u>	<u>49,734,542</u>
TOTAL ASSETS		<u><u>96,270,194</u></u>	<u><u>77,385,307</u></u>
EQUITY AND LIABILITIES			
<u>Reserves</u>			
Accumulated Surplus		<u>64,158,375</u>	<u>50,573,887</u>
<u>Current Liabilities</u>			
Trade and Other Payables	11	6,422,444	2,717,670
Deferred Income	12	25,689,375	24,093,750
		<u>32,111,819</u>	<u>26,811,420</u>
Total Equality and Liabilities		<u><u>96,270,194</u></u>	<u><u>77,385,307</u></u>

APPROVED FOR ISSUE BY THE BOARD ON 27/10/ 2020 AND SIGNED ON ITS BEHALF BY:


 Mrs. Paula Fletcher
 Director


 Mr. Fitzbert Mattis
 Director

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

TOLL AUTHORITY
STATEMENT OF FINANCIAL POSITION
FOR YEAR ENDED 31 MARCH 2020

	<u>Accumulated Surplus</u>	<u>Total</u>
	<u>₹</u>	<u>₹</u>
Balance at 31st March 2018	44,924,706	44,294,706
Total Comprehensive Income for the Year	<u>5,649,181</u>	<u>5,649,181</u>
Balance at 31st March 2019	<u>50,573,887</u>	<u>50,573,887</u>
Total Comprehensive Income for the Year	13,584,488	13,584,488
Balance at 31st March 2020	<u><u>64,158,375</u></u>	<u><u>64,158,375</u></u>

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

TOLL AUTHORITY
STATEMENT OF FINANCIAL POSITION
FOR YEAR ENDED 31 MARCH 2020

	<u>2020</u>	<u>2019</u>
	<u>\$</u>	<u>\$</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Comprehensive Income	13,584,488	5,649,181
Adjustment for:		
Depreciation	916,746	807,624
Amortization	154,363	141,340
	<u>14,655,597</u>	<u>6,598,145</u>
Changes in Non-Cash Working Capital Components:		
Due from Related Party	(1,511,080)	989,733
Trade and Other Receivables	14,375,736	(15,243,215)
Deferred Income	1,595,625	618,750
Trade and Other Payables	3,704,774	(1,406,782)
Cash provided by Operating Activities :	<u>32,820,652</u>	<u>(8,443,369)</u>
Cash flows from Investing Activities:		
Purchase of property, plant and equipment	(651,318)	(660,899)
Acquisition of Intangible Assets	-	(69,900)
Acquisition Of Investments	(19,291,213)	(6,485,675)
Acquisition of Short Term Investments	2,866,134	255,634
Net cash used in Investing Activities	<u>(17,076,397)</u>	<u>(6,960,840)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	15,744,255	(15,404,209)
Cash and Cash Equivalent at beginning of year	<u>15,170,759</u>	<u>30,574,968</u>
Cash and Cash Equivalent at end of year (Note 10)	<u><u>30,915,014</u></u>	<u><u>15,170,759</u></u>

The accompanying notes form an integral part of the financial statements

TOLL AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

1. Identification

- a) The Toll Authority (The Authority) is a Statutory Body, established in February 2002 under the Toll Roads Act 2002. The Authority has been mandated to regulate the operation and maintenance of the toll roads and such other facilities as may be deemed necessary, on or adjacent to toll roads; 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.
- b) The 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 the Jamaica North South Highway Company Limited dated 21 June 2012. The Authority's head Office operates from premises at 11A-15 Oxford Road, Kingston 5.
- c) The Toll Authority, as a public body, 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.
- d) These financial statements are prepared in Jamaican Dollars.

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) 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.

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

- i) Amendments to IFRS 9: Prepayment Features with Negative Compensation (Effective January 2019)
- ii) This amends the existing requirements in IFRS 9 requiring 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
FOR THE YEAR ENDED 31 MARCH 2020

2. Adoption of Standards, Interpretations and Amendments (Continued)

Annual improvements to IFRS Standards 2015-17 cycle contains amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 2019. These made amendments to the following standards:

- i) **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.
- ii) The amendments in *Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)*. (Effective January 2019) 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.

a) 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:

i) **IFRS 3 amendments** 01 Jan 2020

On 22 October 2018, the IASB issued 'Definition of a Business (Amendments to IFRS 3)' aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020.

ii) **IFRS 16 amendment** (effective date 01 Jun 2020)

On 28 May 2020, the IASB published 'Covid-19-Related Rent Concessions (Amendment to IFRS 16)' amending the standard to provide lessees with an exemption from assessing

TOLL AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Adoption of Standards, Interpretations and Amendments (Continued)

ii) **IFRS 16 amendment** (effective date 01 Jun 2020)

whether a COVID-19-related rent concession is a lease modification. The amendment is effective for annual reporting periods beginning on or after 1 June 2020.

iii) **IAS 37 amendments regarding onerous contracts** (Effective date 01 Jan 2022)

On 14 May 2020, the IASB issued 'Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)' amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

iv) **IAS 16 amendments regarding proceeds before intended use** (Effective date 01 Jan 2022)

On 14 May 2020, the IASB issued 'Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)' regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

v) **Effective date of 2018-2020 annual improvements cycle** (Effective 01 Jan 2022)

On 14 May 2020, the IASB issued 'Annual Improvements to IFRS Standards 2018–2020'. The pronouncement contains amendments to four International Financial Reporting Standards (IFRSs) as result of the IASB's annual improvements project. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

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

b) **Statement of Compliance, 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.

c) **Significant Accounting Policies**

i) **Use of Estimates**

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.

TOLL AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (continued)

c) Significant Accounting Policies (continued)

i) Property Plant and Equipment

Property, plant and equipment are stated at historical costs 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.

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

Furniture and fixtures and other equipment	10%
Computer hardware equipment	20%
Computer software	33.3%
Leasehold improvement	10%

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 the carrying amount and are taken into account in determining operating surplus or deficit.

ii) *Impairment of non-financial assets*

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell 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 (cash-generating units).

iii) *Investments*

The company classifies its investments as available-for-sale. Classification of investments is dependent on the purpose for which the investments were acquired. Management determines the classification of investments which is dependent on the purpose for which the investments

TOLL AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (continued)

iii) Investments (continued)

were acquired. Management determines the classification of investments at the time of purchase and re-evaluates such designation on a regular basis.

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale. These investments are initially recognized at cost and subsequently re-measured at fair value. Unrealized gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognized in equity.

Fair value is estimated by reference to current market value of similar instruments or by reference to the discounted cash flows of the underlying net assets. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the profit and loss account as gains and losses on investment securities. Purchases and sales of investments are recognized on the trade date, which is the date that the company commits to purchase or sell the asset. Cost of purchase includes transaction

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 translation

- Functional and presentation currency

The company trades primarily in Jamaica, as such the functional and presentation currency is Jamaica dollars.

- Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated using the Bank of Jamaica weighted average closing exchange rate.

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

TOLL AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (continued)

vi) Revenue

Revenue is accounted for on an accrual basis. Monitoring fees are recognised as income on a monthly basis. Government grant is recognised when received and Interest income is recognised when earned.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand, net bank overdraft.

vii) Trade payables

Trade payables are stated at cost.

viii) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

Financial assets

The company classifies its financial assets as loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables

Loan and receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as accounts receivable and related party balances.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. At the date of the statement of financial position, short term investments were classified as available for sale.

TOLL AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (continued)

viii) Financial instruments (continued)

Financial liabilities

The company's financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method. At the balance sheet date, the following items were classified as financial liabilities: bank overdraft, accounts payable, directors' current account.

ix) Impairment of Financial Assets

Business Model: the business model reflects how the Authority manages the assets in order to generate income. That is whether the Authority's objective is solely to collect the contractual cash flows from the asset or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable, then the financial assets are classified as part of 'other' business model and measured at fair value.

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

- Debt investment securities that are low 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 results from default events of a financial instrument that are possible within 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 as Stage 2 financial instruments.

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

x) 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 the into account requirements of IFRS.

TOLL AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

**3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies
(continued)**

xi) Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related party balances and transactions are recognized and disclosed for the following:

- (i) Enterprises and individuals owning directly or indirectly an interest in the voting power of the Authority significant influence over the company's affairs and close members of the family of these individuals.
- (ii) Key management personnel, that is, these persons having authority and responsibility for Planning, directing and controlling the activities of the company, including directors and officers and close member of the families of these individuals.

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

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

TOLL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2020

4 PROPERTY, PLANT AND EQUIPMENT

	Computer Hardware	Computer Software	Office Equipment	Furniture & Fittings	Leasehold Improvement	Total
	\$	\$	\$	\$	\$	\$
At Cost -						
At 1 April 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
At 31 March 2019	2,425,773	229,865	864,169	3,076,355	167,810	6,763,972
Additions	422,029	-	18,522	210,767	-	651,318
At 31 March 2020	2,847,802	229,865	882,691	3,287,122	167,810	7,415,290
Depreciation -						
At 1 April 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
At 31 March 2019	1,601,916	229,865	204,343	537,666	16,695	2,590,485
Charge for the Year	463,855	-	114,192	321,918	16,781	916,746
At 31 March 2020	2,065,771	229,865	318,535	859,584	33,476	3,507,231
Net Book Value -						
At 31 March 2020	782,031	-	564,156	2,427,538	134,334	3,908,059
At 31 March 2019	823,857	-	659,826	2,538,689	151,115	4,173,487

TOLL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2020

5.	INTANGIBLE ASSETS	<u>2020</u>	<u>2019</u>
		\$	\$
	<u>Cost:</u>		
	At beginning of Year	463,088	393,188
	Website Additions	-	69,900
	End of Year	<u>463,088</u>	<u>463,088</u>
	<u>Amortization:</u>		
	At beginning of Year	152,471	11,131
	Charge for the year	<u>154,363</u>	<u>141,340</u>
	End of Year	<u>306,834</u>	<u>152,471</u>
	Net Book Value:	<u>156,254</u>	<u>310,617</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.	LONG TERM INVESTMENTS:	<u>2020</u>	<u>2019</u>
		\$	\$
	First Global	13,647,683	-
	Sigma Unit Trust	11,741,076	6,559,212
	VMBS Unit Trust	<u>17,071,112</u>	<u>16,507,449</u>
		<u>42,459,871</u>	<u>23,066,661</u>
7.	DUE FROM RELATED PARTY		
	This represents the gratuities from the Ministry of Transport and Mining.		
		<u>2020</u>	<u>2019</u>
		\$	\$
	Ministry of Transport & Mining	<u>3,046,928</u>	<u>876,720</u>
8.	TRADE AND OTHER RECEIVABLES:	<u>2020</u>	<u>2019</u>
		\$	\$
	Trade Receivables	-	15,808,750
	Accrued Interest	489,350	-
	Withholding Tax	139,375	94,710
	Credit Balances in Payables	29,489	-
	Prepayments	<u>226,081</u>	<u>15,698</u>
		<u>884,295</u>	<u>15,919,158</u>

TOLL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2020

9.	SHORT TERM INVESTMENTS	<u>2020</u> <u>\$</u>	<u>2019</u> <u>\$</u>
	US\$ Short-Term Investments	1,208	2,059,283
	J\$ Short-Term Investments	14,889,563	15,708,622
		14,890,771	17,767,905
10.	CASH AND CASH EQUIVALENTS:	<u>2020</u> <u>\$</u>	<u>2019</u> <u>\$</u>
	Main - Current Account	4,227,384	1,863,605
	US\$ Saving Account (2020:US\$ 197,043; 2019 - US\$ 232,253)	26,677,630	13,297,154
	Imprest (Cash)	10,000	10,000
		30,915,014	15,170,759
11.	TRADE AND OTHER PYABLES:	<u>2020</u> <u>\$</u>	<u>2019</u> <u>\$</u>
	Trade Payables	585,419	572,783
	Other Payables and Accruals	5,837,025	2,144,887
		6,422,444	2,717,670
12.	DEFERRED INCOME:	<u>2020</u> <u>\$</u>	<u>2019</u> <u>\$</u>
	Monitoring Fees	25,689,375	24,093,750

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

13. **GOVERNMENTS GRANTS:**

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

TOLL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2020

14. **MONITORING FEES:**

This represents annual monitoring fees of US\$ 250,000 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:**

	<u>2020</u>	<u>2019</u>
	\$	\$
Toll rate adjustment fee	1172609	-
Less toll regulator's fee	439,624	-
Net transferred to Toll Authority	732,985	-
Interest & Net Investment Income	2,509,022	1,578,712
	<u>3,242,007</u>	<u>1,578,712</u>

16. **PAYROLL AND OTHER RELATED COSTS:**

	<u>2020</u>	<u>2019</u>
	\$	\$
Salaries and Wages	13,186,046	11,747,712
Statutory Contributions	621,227	538,460
Staff Welfare	422,078	-
Staff Allowance and Other Benefits	2,439,535	2,159,001
	<u>16,668,886</u>	<u>14,445,173</u>

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

A financial instruments 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 risk in respect of it financial instruments; market risk (current and fair interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. Operational risk are an inevitable consequence of being in business. The Board of Directors aims to achieve an appropriate balance between risk and return and thereby minimizing any potential adverse effects on the Toll Authority's financial performance. The Board of Directors is appointed by the Minister of Transport and Mining and is responsible to report to the Office of the Prime Minister via Ministry of Transport and Mining.

TOLL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2020

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 a 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 of the financial assets on the statement of financial position.

Maximum Exposure to Credit Risk

	<u>2020</u>	<u>2019</u>
	<u>\$</u>	<u>\$</u>
Due from related Party	2,387,800	876,720
Other Receivable	1,543,422	110,408
Cash and Cash Equivalents	<u>26,677,630</u>	<u>13,297,154</u>
	<u>30,608,852</u>	<u>14,284,282</u>

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

This includes funds held by the Ministry of Transport and Mining on the 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 is 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 complete projects.

The Authority is fund 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 \$17,627,188 (2019- \$22,923,122).

TOLL AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2020

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

(c) Market Risk:

Market risk is the risk that the fair value or future cash flow of financial instruments 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.

(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:

	<u>Interest Rate</u>	<u>2020</u>	<u>Interest Rate</u>	<u>2019</u>
	<u>%</u>	<u>\$</u>	<u>%</u>	<u>\$</u>
Bank Balances				
US\$ Short-Term Investments	0.15-0.98	12,208	0.13 -1.15	2,059,283
J\$ Short-Term Investments	2.2-2.7	14,889,563	2.3-3.5	15,708,622
J\$ Current account	0.20-0.65	4,227,383	0.25-0.5	1,863,605
USD Saving Account	0.10	26,677,630	-	13,297,154
		<u>45,806,784</u>		<u>32,928,664</u>

Financial Liability

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

Interest rate sensitivity analysis

Here 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:

	<u>Movement</u>	<u>2020</u>	<u>Movement</u>	<u>2019</u>
	<u>%</u>	<u>\$</u>	<u>%</u>	<u>\$</u>
US\$ Short-Term Investments	-0.075	(9)	0.19	(3,985)
J\$ Short-Term Investments	-0.45	(67,003)	0.75	117,815
J\$ Current account	-0.05	2,114	0	932
USD Saving Account	0	-	-	0
Increase in surplus and accumulated fund		<u>(64,898)</u>		<u>114,762</u>

TOLL AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2020

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

(c) Market Risk (cont'd)

(i) Interest rate risk(cont'd)

Interest rate sensitivity analysis(cont'd)

	Movement	<u>2020</u>	Movement	<u>2019</u>
	%	\$	%	\$
US\$ Short-Term Investments	-0.5	(61)	-0.5	(10,296)
J\$ Short-Term Investments	-1	(148,896)	-1	(157,086)
J\$ Current account	-1	(42,274)	-1	(18,636)
USD Saving Account	-0.5	(133,338)	-0.5	(66,486)
Decrease in surplus and accumulated fund		<u>(324,569)</u>		<u>(252,504)</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 rates 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 exposed to foreign currency risk due to the fluctuations in exchange rates on transactions and balances that re denominated in currencies other than 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:

	<u>2020</u>	<u>2019</u>
	US\$	US\$
US\$ Short-Term Investments	90	16,128
USD Saving Account	197,043	105,141
	<u>197,133</u>	<u>121,269</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:

	<u>US\$</u>
20th July 2020	\$145.38
31st March 2020	\$135.39
31st March 2019	\$126.47

Over the period March 2019 to March 2020 there was 7.1% depreciation of the Jamaican dollar against the US dollar. Between March 2020 and July 2020 there has been a 7.38% depreciation of the Jamaican dollar against the US dollar.

TOLL AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2020

17. Financial Instruments & Financial 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 extent shown against the United states dollar would have decreased/increased income and reserves by the amounts shown below.

	Movement	2020	Movement	2019
	%	\$	%	\$
United States dollar	-4	<u>(613,474)</u>	-2	<u>(786,057)</u>

The analysis is completed 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 there fore have marginal adverse effect on the Authority's foreign currency financial instruments. Should there be an appreciation of the Jamaican dollar against the United Sates dollar by say, 2% this would increase/ reduce deficit/surplus and accumulated fund as shown belows:

	Movement	2020	2019
	%	\$	\$
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 2019

(d) Operational risk:

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

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
FOR YEAR ENDED 31 MARCH 2020

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

(f) Fair Value

Fair value amounts represents 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, sequent to initial recognition, are measured at fair values. 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 quote prices(unadjusted) in active markets for identical instruments;

Level 2 fair value measurements are those derived from input other than quoted prices included within Level 1 that are observable for the instruments, 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.

		Level 1	Level 2	Level 3	Total
		\$	\$	\$	\$
Available-for-sale Investments-	2019	-	23,166,661	-	23,166,661
Unquoted Investments at Fair Value	2020	-	28,810,191	-	28,810,191

The fair value of financial instruments not traded in active market is determined by using valuation techniques. These valuation techniques maximize 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 is observable, the instruments 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.

18. Subsequent Event Covid-19

In the first quarter of 2020, the World Health Organization declared the Novel Coronavirus (COVID-19) outbreak a pandemic, and the Government of Jamaica declared the island a disaster area on March 13, 2020.

The pandemic and the measures to control its human impact have resulted in disruptions to economic activity and business operations. This could have significant negative financial effects on the Company, depending on several factors such as the duration and spread of the outbreak, the restrictions and advisories from Government. The Company expects this to have some effects on its financial performance; however, the Company was unable to determine a reliable estimate of the financial impact at the date of theses financial statements.

TOLL AUTHORITY
SCHEDULE OF ADMINISTRATIVE AND OTHER EXPENSES
FOR THE YEAR ENDED 31 MARCH 2020

Administrative:

	<u>2020</u>	<u>2019</u>
	<u>\$</u>	<u>\$</u>
Auditors Remuneration	690,000	582,500
Salaries & Related Costs (Note 16)	16,668,886	14,445,173
Travelling and Subsistence	6,863,028	6,098,801
Cleaning and Sanitation	148,484	148,051
General expenses	266,859	286,489
Utilities	442,929	438,433
Annual report	189,500	189,765
Insurance	69,869	-
Stationery and Office Supplies	1,101,351	858,271
Repairs and Maintenance	37,010	99,382
Seminar and training	664,879	1,336,352
Dues and Subscription	29,963	13,875
Legal and Professional fees	3,967,688	3,073,876
Board Meeting Expense	1,213,125	2,799,209
Postage and Counter Services	42,000	42,430
Advertisement Promotion	2,208,373	2,568,622
Rental	1,964,251	1,882,462
Sponsorship & Donations	1,677,684	-
Bank Charges	61,087	97,388
Depreciation	1,071,108	948,964
	<u>39,378,074</u>	<u>35,910,043</u>



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