



Annual Report

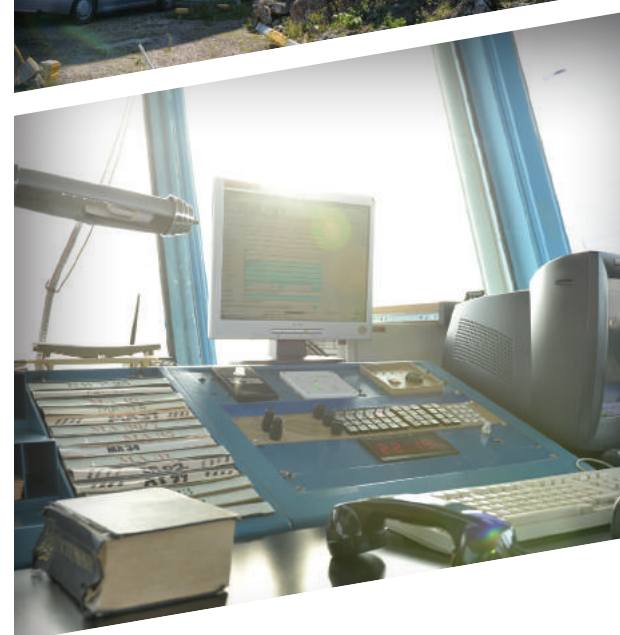
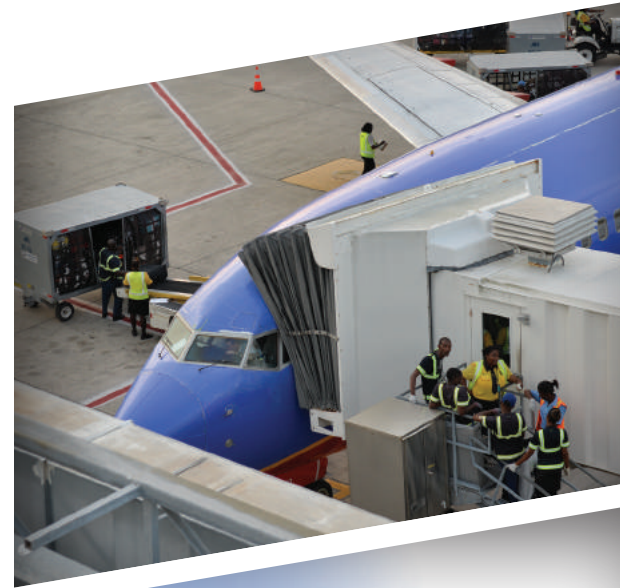
2016-2017





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REPORT OVERVIEW

OVERVIEW

About this Report

The Jamaica Civil Aviation Authority's (JCAA's) 2016-17 Annual Report was prepared in satisfaction of the requirements of the Public Bodies Management and Accountability Act, the Civil Aviation (1996) Act and other relevant legislation, governing the operations of the JCAA and its reporting requirements.

As a statutory organisation of the Ministry of Transport & Mining, the Jamaica Civil Aviation Authority possesses a legal obligation to submit annual reports to Parliament, at the end of each financial year.

The 2016-17 Annual Report provides an overview of the JCAA's operations and performance, against goals identified in the Authority's Corporate Plan, for the year ending March 31, 2017.

The Report also contains financial information and statements for the 2016-2017 year and fulfils an important element of the JCAA's reporting responsibilities to the wider aviation community.

Outlined in the report are also the Authority's plans for meeting expected challenges in the year ahead.

The 2016-17 Annual Report and other corporate publications of the JCAA may be accessed electronically at www.jcaa.gov.jm.

Contact Details

For more information regarding the report, or to request printed copies, please contact:

The Corporate Communications &
Information Services Department
Jamaica Civil Aviation Authority
4 Winchester Road
Kingston 10, JAMAICA, W.I.
Phone: [876] 960-3948, 960-3965
Fax: [876] 920-0194
Email: info@jcaa.gov.jm.

Readers are invited to provide suggestions for improving the Report, via email at info@jcaa.gov.jm.

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Vision

To be recognised as a world-class civil aviation authority, integrally involved in the sustainable development of a safe and thriving global aviation community that supports and serves Jamaica.



Mission

To ensure that the public is provided with a safe, reliable, efficient and user-friendly Air Transport System, being cognizant of the standards and recommended practices developed by the International Civil Aviation Organization (ICAO).

Guiding Principles

We will achieve our mission by:

- carrying out the mandate of the JCAA with honesty, openness, impartiality and reliability
- promoting and supporting adherence to applicable environmental standards at all times
- aiming for excellence in the services we deliver, and in our daily performance
- striving to exceed the expectations of our clients and customers at all times
- working cooperatively to achieve the JCAA's objectives, while respecting the views of each other
- pledging to lead and manage, using best industrial practices
- operating in a framework that fosters transparency, accountability and inclusiveness.



Core Values

Our employees are unified around a set of core values. These are integral to the way we conduct our activities, as we work cooperatively to achieve the mandate of the JCAA.

We put our values into action everyday, as we remain committed to:

- the safe and orderly development of civil aviation in Jamaica (acknowledging the convention of ICAO)
- providing efficient and user-responsive Air Navigation Services to the national and international communities
- cooperating with other agencies in the facilitation, provision and regulation of a reliable and effective public Air Transport System
- providing an appropriate environment for the growth, development and professional enhancement of staff



CORPORATE DATA

Registered Office

Jamaica Civil Aviation Authority
4 Winchester Road, Kingston 10 JAMAICA, W.I.
Phone: [876] 960-3948, 960-3965 | Fax: [876] 920-0194 | Email: info@jcaa.gov.jm.

Board of Directors:

Mr. Phillip Henriques	- Chairman
Mr. Robert Evans	- Deputy Chairman
Mr. Dean-Roy Bernard	- Board Member
Capt. Geoffrey Campbell	- Board Member
Mr. Milton Daley	- Board Member
Dr. Janine Dawkins	- Board Member
Mr. Douglas Lindo	- Board Member
Mr. Marc Ramsay	- Board Member
Mrs. Sue Rosen	- Board Member
Mr. E. George HoSang	- Board Member
Mr. Robert Chin	- Board Member
Mr. Nari Williams-Singh	- Director General, ex-officio Member

Leadership Team:

Mr. Nari Williams-Singh	- Director General
Mrs. Nichole Morgan	- Deputy Director General, Corporate Services
Mr. Carl Gaynair	- Deputy Director General, Air Navigation Services
Mr. Rohan Campbell	- Deputy Director General, Regulatory Affairs

Auditors

KPMG
The Victoria Mutual Building
6 Duke Street, Kingston
Telephone: [876] 922 6640
Fax: [876] 922-7198
Email: firmmail@kpmg.com.jm

Bankers

National Commercial Bank
New Kingston Branch
1-7 Knutsford Boulevard, Kingston 5

First Caribbean International Bank [Jamaica] Ltd.
78 Half Way Tree Road, Kingston



JAMAICA CIVIL AVIATION AUTHORITY

4 WINCHESTER ROAD,
KINGSTON 10.
MAILING ADDRESS:
P.O. BOX 8998,
C.S.O., KINGSTON.

ANY REPLY OR SUBSEQUENT REFERENCE TO THIS
COMMUNICATION SHOULD BE ADDRESSED TO THE
DIRECTOR GENERAL OF CIVIL AVIATION AND NOT TO
ANY OFFICER BY NAME AND THE FOLLOWING
REFERENCE QUOTED—

July 31, 2017

The Honourable Lester Michael Henry, C.D., M.P.
Minister of Transport & Mining
138H Maxfield Avenue
Kingston 10
Jamaica, W.I.

Dear Minister:

The Board and Executive Management team of the Jamaica Civil Aviation Authority (JCAA) are pleased to present to you, the Annual Report of the Jamaica Civil Aviation Authority (JCAA) for the reporting period April 1, 2016 to March 31, 2017.

The report has been prepared in accordance with the requirements of the *Public Bodies Management and Accountability Act*, the *Civil Aviation Act* and other relevant legislation. It seeks to provide an overview, as well as detailed accounts, of the operations and performance of the JCAA over the reporting year.

The current Annual Report also includes copies of the audited financial statements and explanatory notes.

On behalf of the JCAA's Board, executive management team and staff members, I wish to thank you for your continued support of the JCAA's mandate and operations over the past year. This support continues to be critical, as the JCAA supports efforts to achieve Jamaica's development goals, by ensuring the safe and orderly development of our nation's aviation industry.

Sincerely yours,

Phillip Henriques
Chairman

Main Divisions

DIRECTOR GENERAL'S OFFICE

Legal

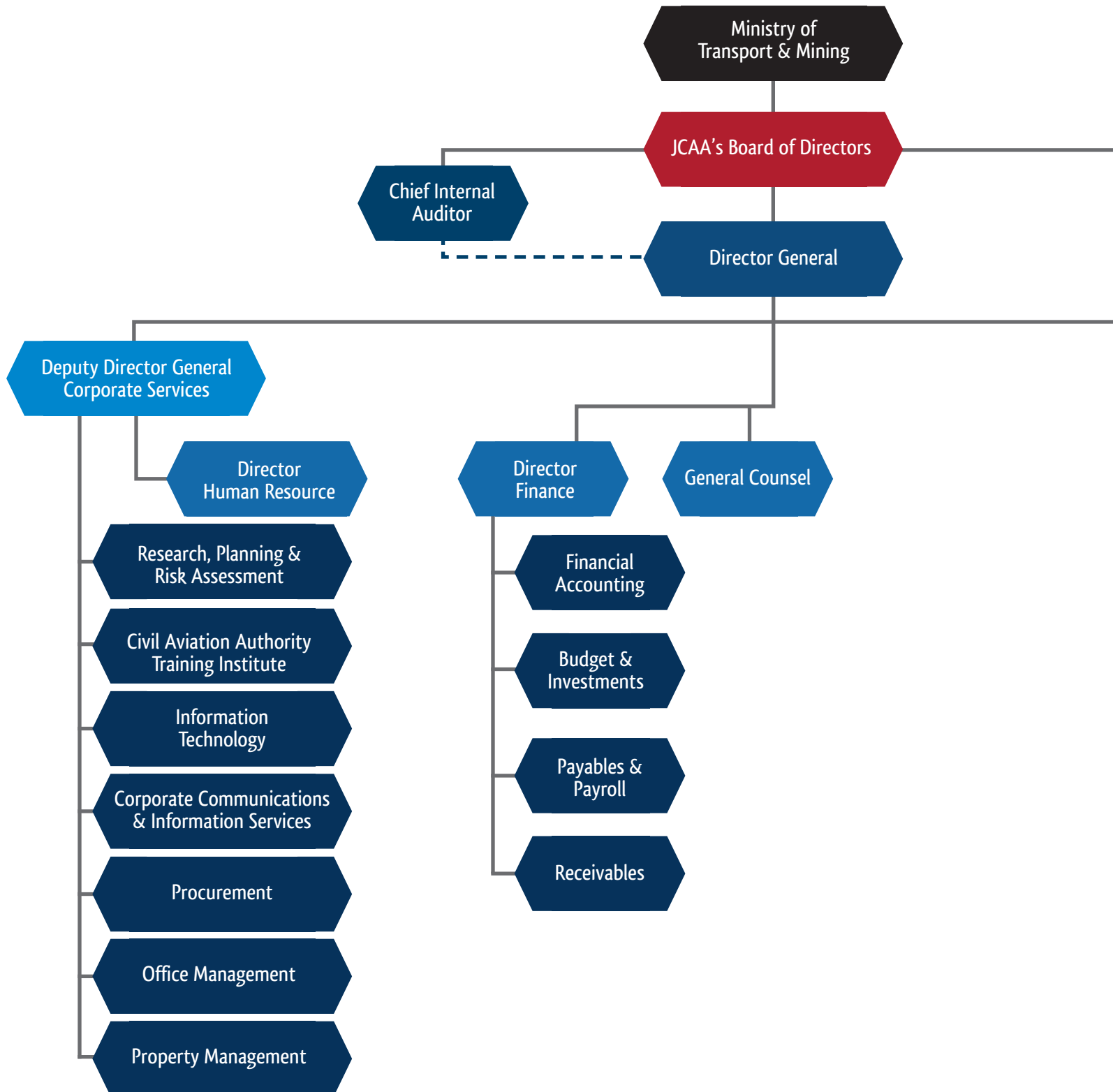
Internal Audit*

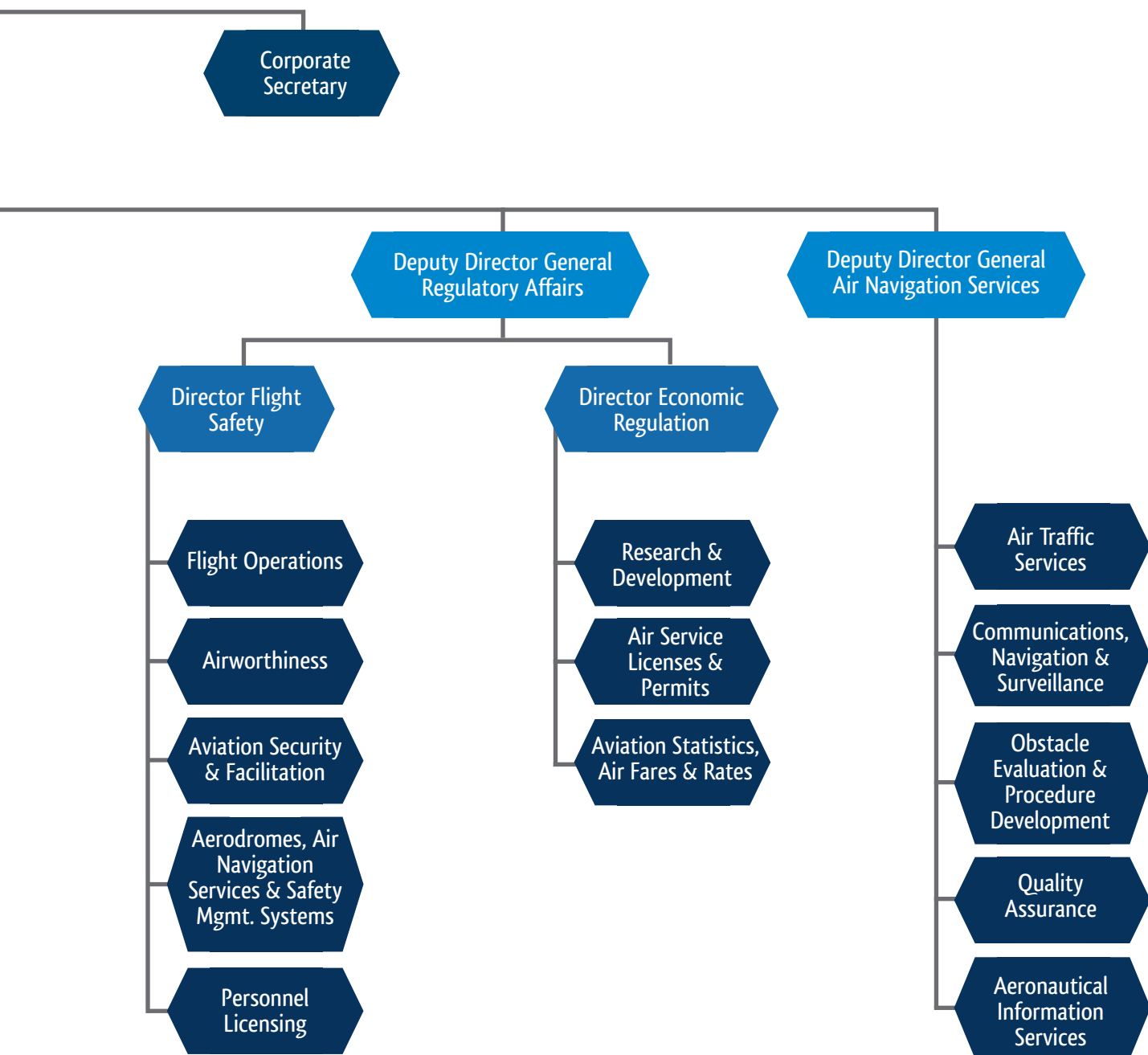
Finance

CORPORATE SERVICES	REGULATORY AFFAIRS	AIR NAVIGATION SERVICES
	DEPARTMENTS	
Human Resource	Flight Safety	Air Traffic Services
Research, Planning & Risk Assessment	Flight Operations	Communications, Navigation & Surveillance
Civil Aviation Authority Training Institute (CAATI)	Airworthiness	Obstacle Evaluation & Procedures Development
Information Technology	Aviation Security & Facilitation	Quality Assurance
Corporate Communications & Information Services	Aerodromes, Air Navigation Services & Safety Management Systems	Aeronautical Information Services
Procurement	Personnel Licensing	
Office Management	Economic Regulation	
Property Management	Research & Development	
	Air Service Licenses & Permits	
	Aviation Statistics, Air Fares & Rates	
	Airport Regulation	

*Reports directly to the Audit & Risk Committee of the Board.

Organisational Chart







CHAIRMAN'S STATEMENT & BOARD OF DIRECTORS REPORT

As with previous Annual Reports, retrospection continues to be a useful tool in evaluating the JCAA's performance and progress over successive periods. Indeed, as we unveil the preceding year's Annual report, we have made a concerted thrust to further transform the document from being a relic about the past year's activities, to one which provides lessons, inspiration and directions for recalibrating our plans and activities to achieve the vision, targets and mission of the Authority.

While the challenges of the local and global air transport environments were many, the 2016-17 period was a positive one for the JCAA, in which its team and stakeholders collaborated to pursue and achieve various milestones for the industry and Authority. The most impactful of these related to improvements in our ranking for the implementation of International Safety Standards and Recommended Practices, enhanced safety oversight activities, industry and Air Navigation Services modernisation, capacity expansion, innovation, and organisational resourcing.

Safety oversight and performance activities continued to predominate as the overarching priority for the JCAA, and the organisation successfully undertook a risk-based approach to strategically conducting and implementing various surveillance and oversight programmes. These ensured that our air navigation services, approved air operators and service organisations, as well as key industry personnel, complied with the applicable local and international requirements, and the Standards and Recommended Practices (SARPS) for ensuring a safe and efficient industry.

With regulatory oversight from the JCAA, the commercial air transportation sector, which presently accounts for the majority of local air transport activity, was able to record another accident-free year. There were no Significant Safety Concerns (SSC) and a total of 182,260 commercial passenger and cargo flights were safely and efficiently conveyed to and/or from their various destinations, over the year under review. Unfortunately, however, as a somber and sobering aviation tragedy, one accident, involving an N101KA aircraft, occurred in the General Aviation Sector on November 11, 2016. This resulted in three fatalities. This sad occurrence is being investigated by the JCAA in an effort to enable a factual analysis of causes and the implementation of safety recommendations to prevent future accidents.

Jamaica's Aviation Industry Nearly 20 Percentage Points Ahead of World Average for Effective Implementation of Industry Standards

In line with the above safety thrust, it is a pleasure to report that, from the conduct of

the International Civil Aviation Organisation's (ICAO's) Validation Mission in June 2016, Jamaica's effective implementation of the internationally established Standards and Recommended Practices is 82.38%. While continuous improvement continues to be our priority, this performance confirmed Jamaica's status as a leading Civil Aviation Administration that exceeds the world average for Standards implementation by nearly 20 percentage points. As a result of this performance, Jamaica was awarded an ICAO Council Certificate, in recognition of its significant progress in improving the Effective Implementation (EI) of ICAO Standards and Recommended Practices (SARPs). Regionally, this performance confers Jamaica with the highest Effective Implementation (EI) ranking for all countries in the English-speaking Caribbean.

Growing Industry Confidence

The acknowledgement of the JCAA's and local industry's commendable performance continued to solidify the confidence of air operators and other stakeholders, regarding the services offered by Jamaica's air transport industry. While room for improvement continues to exist, the performance was also a validation of the capability of the JCAA to discharge its mandate, as the air transport industry regulator and ANS service provider.

There were steady inflows, outflows and overflights through Jamaica's Flight Information Region (FIR). Indeed, Jamaica facilitated the conveyance of passenger and cargo flights by several of the most reputable commercial airline operators, as they safely traversed many of their most important business routes.

The voluminous air traffic was facilitated by the influx of 2.182M tourists, who transited

the island's two main international airports, via scheduled or non-scheduled flights. This performance was aided by the JCAA's issuance and/or maintenance of existing air transport operator- and personnel licences and permits over the 2016-17 period, buoyed by the JCAA's provision of safe and efficient Air Navigation Services (ANS).

The quantum of regulatory activities, which promoted air traffic activity within the period is worthy of mention. 605 Licence & Permit applications were processed and approved, amounting to an increase of 17% over the previous year. Additionally, there was a 34.5% growth of commercial approvals for scheduled and non-scheduled flights from 171 (in the 2015-16 year) to 230 for the reporting period. More work and analysis are required, however, as the increases in permit and licence approvals appeared to have been offset by a reduction in the schedules of some airlines. Aircraft movement, though strong, declined by 4.19% and 3.70%, at both the Sangster and Norman Manley International airports, respectively. This situation requires the JCAA and Jamaica to explore and maximise the existing opportunities that developing markets present, as we strengthen our Air Navigation Services network, and our regulatory and business performance.

Despite the mentioned shortfall, passenger movement registered an aggregate growth of 1.73%, with Sangster International Airport's passenger throughput growing by 2.42% and Norman Manley International's achieving marginal growth of 0.03% over the previous year.

Soaring towards Modernisation

Major advancements, which included the completion and attainment of several modernisation milestones, were achieved under JCAA's programme to upgrade

Jamaica's Air Navigation Services (ANS) and Communications, Navigation and Surveillance (CNS) infrastructure. Industry modernisation accomplishments, over the 2016-17 year, included the commissioning of a new state-of-the-art Air Traffic Control (ATC) Tower in November 2016 at the Norman Manley International Airport. This automated facility has enhanced, automated and optimised the ability and capacity of our air traffic control units to safely and more efficiently direct traffic through Jamaica's airspace.

Other notable projects, over the year, included the installation of all major servers, software and equipment for the new Topsy Air Traffic Management System. The project included a replica system installation on the premises of the JCAA's Civil Aviation Authority Training Institute (CAATI) to provide enhanced redundancies and operational flexibility. The ANS project team also spearheaded the implementation of a new, VoIP-based Voice Communications and Control System (VCCS), and a New Voice Recorder System. Another critical project is also scheduled for completion in October 2017 with the new Instrument Landing System (ILS) already installed at Sangster International and set to enhance the safe landing of aircraft at the facility.

Jamaica's efforts to maintain pace with the efforts of all Member States to implement ICAO's Global Air Navigation Plan (GANP) was also boosted by progress and approvals for resourcing efforts to achieve Performance-Based Navigation (PBN) and the transition to a satellite-based Aeronautical Information Management system.

While details of the new facilities, equipment and installations are later provided, these projects are significantly enhancing the reliability and capacity of Jamaica's surveillance and communications systems

to better and more safely manage air traffic within our airspace. They are also ensuring our continued compliance with ICAO's Standards and Recommended Practices, as well as global plans to further improve the industry through innovative technologies and practices that enhance efficiency and mitigate risks, while supporting operational and environmental sustainability. Maintaining a disciplined approach to project management will therefore be critical, as we seek to maintain the established schedule for completing and commissioning the remaining modernisation initiatives within the upcoming 2017-18 year

Financial Performance and Management

As the Government of Jamaica (GOJ) engaged in a new dispensation regarding the financial management of independent, government bodies, a decision was taken to incorporate the financial resources of the Jamaica Civil Aviation Authority (JCAA) and other state agencies into the Consolidated Fund. The new dispensation requires greater accountability and more proactive and astute planning on the part of the JCAA, as we manage subventions and seek to ensure the continued efficiency of the JCAA's operations.

For the twelve months ended March 31, 2017, the Authority recorded a net surplus of J\$2.560 billion as compared to J\$2.781 billion for the year ended March 31, 2016. The J\$221 million (8%) decrease in net surplus is largely attributable to an increase in salaries for the Air Traffic Controllers. Notwithstanding, the JCAA's credible performance was achieved as a result of revenues generated from the Passenger Aviation Safety Charge (PASC) and Air Navigation fees. Effective cost management measures were employed by the JCAA's management team, which also contributed to this favourable outcome.

This performance was necessary for enabling industry development and maintaining conformance with industry standards.

Outlook and Acknowledgements

The outlook for Jamaica's civil aviation industry remains bright and promising. In line with the inherent and emergent challenges of the aviation landscape are numerous opportunities which the JCAA and our stakeholders are exhorted to seize, as we align the Authority's and industry's operations with the Government's objectives concerning economic development, trade and balanced prosperity for our people and industries.

I conclude by thanking my fellow board members, the executive management team and JCAA staff members for their diligent support, guidance, cooperation and commitment, which allowed us to fulfil the substantial objectives of our 2016-17 corporate plan. My gratitude is also extended to the Minister for Transport and Mining, The Hon. Lester Michael Henry, for his ongoing support of the JCAA's operations.

May our future remain bright and may we reap further successes, as we safely manage the airspace and industry to support progress, mobility and international advancement for our nation, industry and people.



During the period under review, a transition was completed in respect of the appointment of new Members of the Jamaica Civil Aviation Authority ('the Board') on April 18, 2016. With its eclectic and diverse expertise and commitment to good governance, the Board was able to enable and reenergize the Authority's continued transformation towards its Vision of being recognised as a world-class civil aviation industry regulator and provider of air navigation services.

In accordance with the obligations placed upon the Board under Section 6 of the PBMA Act, as well as directives emanating from the Ministry of Finance and Public Service, the Board undertook steps to enhance the efficiency and effectiveness of the Authority; to ensure the accountability of all relevant officers in the management of entrusted resources; to establish and implement adequate information, control, evaluation and reporting systems; and to facilitate the development of specific and measurable objectives and performance targets for the JCAA. New Charters for the Board and each Committee were promulgated, with a framework for evaluating the Board and Director General. Achievements over the year also included the implementation of new or updated administrative Policy instruments, including those for Investment, Staff Loans, Succession Planning and Acting Appointments for periods when the Director General is unavailable.

Pursuant to the GOJ Corporate Governance Framework, the Board continued the process towards establishing an Enterprise Risk Management Framework, by having the Committee oversee the establishment and work of a Risk Management Steering Committee of staff members. Committee members received intensive training in the discipline to include Business Continuity Management. Other strategic activities,

which the Board supported, in this regard, included filling the role of Risk Assessment Manager, and approving the Enterprise Risk Management Policy.

The Board advised the Minister of Transport and Mining on matters of general policy relating to the international, regional and domestic civil aviation industries' regulation and service-provision. The Board also monitored the performance of the Director General, as the chief executive officer of the organisation.

The Board consists of eleven (11) non-executive Members (in accordance with the prior amendment on 27 October 2015 of the Civil Aviation Act, 1966), in addition to the Director General who served as an *ex-officio* member. During the period under review, there was a change in membership due to the results of the General Elections held February 25, 2016.

Meetings of the JCAA's Board of Directors

The quorum for meetings of the JCAA's Board of Directors remains at five (5) persons.

The Board Members are:

Mr. Phillip Henriques	- Chairman
Mr. Robert Evans	- Deputy Chairman
Mr. Dean-Roy Bernard	- Board Member
Capt. Geoffrey Campbell	- Board Member
Mr. Milton Daley	- Board Member
Dr. Janine Dawkins	- Board Member
Mr. Douglas Lindo	- Board Member
Mr. Marc Ramsay	- Board Member
Mrs. Sue Rosen	- Board Member
Mr. E. George HoSang	- Board Member
Mr. Robert Chin	- Board Member
Mr. Nari Williams-Singh	- Director General, <i>ex-officio</i> Member

Mr. Leroy Lindsay, Special Advisor to the Minister of Transport & Mining, serves on contract, as a Senior Management Consultant. He is a permanent Invitee to meetings based on the rounded expertise he brings to the Board.

Attorney-at-Law, Ms. Marva K. D. Gordon, the Authority's General Counsel, continued to serve as Corporate Secretary.

The Board Committees, for the 2016-17 year, were comprised as follows:

Finance Committee Members

E. George HoSang (Chairman)
Douglas Lindo
Robert Chin
Milton Daley

The Finance Committee oversaw the continued diversification of the investment portfolio and made improvements to the monthly financial reporting structure. The Committee also enhanced revenue identification (including new tracking and debt collection arrangements) and ensured

compliance with GOJ guidelines. The Finance Committee also monitored the execution of a Letter of Credit, in favour of the contractor for new Radar and associated systems that will modernise Jamaica's Air Navigation Services. Finally, the Finance Committee also provided oversight relating to arrangements for the purchase of property at 1 Rekadom Avenue, which was considered to augment the space requirements at the JCAA Headquarters.

Audit and Risk Oversight Committee Members

Milton Daley (Chairman)
Dean-Roy Bernard
Robert Evans
E. George HoSang

The Audit and Risk Oversight Committee focused on improving the external and internal auditing functions, and the strategic development of the enterprise risk management framework, while receiving reports on the Authority's risk profile and recommending training aimed at identifying and managing risks.

Procurement Committee Members

Robert Chin (Chairman)
Sue Rosen

The Procurement Committee ensured an effective procurement process, with regard to the acquisition and employment of necessary resources to support its portfolio in the areas of building use, equipment and systems; the upgrade, replacement and maintenance of Jamaica's air navigation infrastructure; and routine purchases to support the JCAA's ongoing operations. The Committee also provided oversight to facilitate continued improvement for more effective and realistic procurement planning and inventory management processes, as well as reporting.

Human Resource Committee Members

Sue Rosen (Chair)

Marc Ramsay

E. George HoSang

The Human Resource Committee addressed and oversaw several strategic HR matters. These included the renewal of the Health Insurance Policy; continued implementation of the Establishment Classification Schedule; Wage and fringe benefits negotiations; and the substitution of the JCAA's Performance Management System with the Government of Jamaica's (GOJ's) Performance Management and Appraisal System (PMAS) for individual performance appraisals.

Technical Committee Members

Robert Evans (Chairman)

Dr. Janine Dawkins

Douglas Lindo

Capt. Geoffrey Campbell

Leroy Lindsay

The Technical Committee of the JCAA's Board continued the thrust towards updating the Memoranda of Understanding (MOUs) with Aeronautical Telecommunications Ltd. (AEROTEL), the Meteorological Service of Jamaica (MET) and the Jamaica Defence Force (JDF). It also oversaw plans to facilitate the commissioning of the new Air Traffic Control (ATC) tower at the Norman Manley International Airport (NMIA), as well as ongoing preparations to commission the ATC Tower at the Sangster International Airport (SIA).

Each of the above Committees was supported by the JCAA's Executive and Management staff, as required. The Board, in carrying out its responsibilities for the 2016-17 year, recognised the requirement for training across several areas of its responsibilities, and arrangements were made to obtain the required training.

General Performance

On average, each Member attended more than 90% of meetings, and absences were appropriately advised, for the acknowledgement and excuse of the Board.

A number of matters, which did not require extensive debate, was resolved using a "Round Robin" methodology. This methodology, which was validated by ratification at the ensuing regular Board meeting, allowed for the prompt approval of air transport licences and permits, among other matters.

In accordance with good governance principles, the external Auditors were invited to every meeting of the Board. While they did not identify any reason or reasons, which caused them not to be present, they attended one early meeting, which provided orientation for the new Board.

The members of the Board maintained consciousness of issues impacting the local, regional and international air transportation industries, and were able to proactively address them through effective oversight and corporate governance processes.

At the end of the reporting year, the Board's successful oversight activities incorporated and/or facilitated the following strategic activities and accomplishments. These related to:

- the receipt of Reports from wholly-owned subsidiary, AEROTEL, and the provision of relevant guidance and direction
- guidance regarding improvements in the JCAA's physical environment, staff morale, wage negotiations and an upgraded performance management system
- the completion, delivery and

commissioning of the new Air Traffic Control Tower at the NMIA, and preparations for the commissioning of a new Air Traffic Control Tower at the SIA

- continuing progress towards modernisation of the Authority's systems and processes including our Air Navigation Services (new Radars, Instrument Landing System, (ILS) for the SIA, transition of AIS to AIM, and ATM Automation)
- a revised regulatory framework
- training services and administrative arrangements

- existing considerations to separate the Regulator and Service-Provider functions
- advances in Cyber-Security, heightened resourcing, and upgrades and enhancements in Information Technology



Board of Directors



Dr. Janine Dawkins,
Board Member



Mr. Phillip Henriques,
Board Chairman



Mrs. Sue Rosen,
Board Member



Mr. Robert Evans,
Deputy Board Chairman



Captain Geoffrey Campbell,
Board Member



Mr. Dean-Roy Bernard,
Board Member



Mr. Robert Phillip Chin,
Board Member



Mr. Douglas Lindo,
Board Member



Mr. Marc Ramsay,
Board Member



Mr. Milton Daley,
Board Member



Mr. E. George Hosang,
Board Member

Executive Management Team



Mr. Nari Williams-Singh, J.P.
Director General



Mrs. Nichole Morgan
Deputy Director General,
Corporate Services



Mr. Rohan Campbell
Deputy Director General,
Regulatory Affairs



Mr. Carl Gaynair
Deputy Director General,
Air Navigation Services

Senior Management Team



Mr. Michael Hepburn
Director,
Economic Regulation



Ms. Marva Gordon
General Counsel &
Corporate Secretary



Ms. Janet Henry
Director,
Human Resource



Ms. Shian Edwards
Director,
Finance



Captain Ralph Royes
Director,
Flight Safety



DIRECTOR GENERAL'S REPORT

The 2016-17 year was an active and progressive one, in which the JCAA delivered and continued to execute a number of strategic regulatory, modernisation, and service provision activities and projects. These helped the Authority to maintain a safe, secure and efficient aviation system that conformed with Jamaica's national legislative requirements and the Standards and Recommended Practices of the governing International Civil Aviation Organisation (ICAO).

Despite a number of challenges, the JCAA successfully undertook an effective and risk-based oversight programme, consisting of a total of 1119 audits, inspections and licensing activities, as we partnered with industry stakeholders to fulfil Jamaica's brand promise of a safe and efficient air transportation sector. Through these activities, the JCAA was able to ensure that the organisations and individuals who operated within our local industry – among them airlines, other Air Service Providers, Maintenance and Repair Organisations, as well as pilots and other flight crew members, complied with the applicable safety requirements and standards.

Safety continued to be recognised as the foremost obligation and most important operational licence, permitting the industry's existence, and the Authority remained diligent in its efforts to ensure the industry's systematic approach to "Doing things the safe and right way, every day – every step of the way." As a result, Jamaica was able to maintain its strong safety performance record, as well as the confidence of both our local and international stakeholders.

"SAFETY - OUR FOREMOST OBLIGATION AND PRIORITY"

International Validation of our Industry's Performance and Safe Development

As established by ICAO, aviation's global governing body, aviation safety and security oversight is underpinned by eight critical elements, which are measured, through a Continuous Monitoring Approach (CMA), to determine a country's compliance with international civil aviation safety and security standards. These critical elements, which are required for an effective State safety oversight system, were assessed in the June 2016 ICAO Coordinated Validation Mission (ICVM), as well as a subsequent Off-Site Validation Activity in October 2016.

In accordance with the foregoing, Jamaica's state oversight effectiveness for aviation safety and security was, during the first period, audited in the areas of our Aviation Legislation and Regulations (LEG), Accident and Serious Incident Investigations (AIG), Air Navigation Services (ANS) and our Aerodromes and Ground Aids (AGA). The audit loop was completed in October 2016

with further validation activities conducted in relation to our Civil Aviation Organisational structure (ORG), Personnel Licensing activities (PEL), Aircraft Operations (OPS) and the Airworthiness of Civil Aircraft (AIR). The audits revealed significant improvements in our Effective Implementation (EI) of the critical elements, and Jamaica was assessed to have an EI rating of 82.38 percent, the highest within the English-speaking Caribbean and nearly 20 percentage points ahead of the world average.

Jamaica's performance bolsters the Reputation of the North American and Caribbean (NAM/CAR) Region as a Leading Aviation Fraternity

It is also noteworthy, at this juncture, to position Jamaica's EI performance within the context of our country's contribution to the attainment of regional targets that align with ICAO's Global Aviation Safety Plan (GASP) and Global Air Navigation Plan (GANP). As ICAO pursued its *No Country Left Behind* strategy for ensuring uniformity in air transportation safety standards across all regions of the global network, it has encouraged and supported the establishment of regional fora and groups, which, based on their proximities and common environmental factors, are able to support each other in attaining global and regionally-specific targets which accord with ICAO strategic plans. One such facilitator was the regional Port of Spain Declaration, by which Jamaica and other signatories expressed commitment to, and engaged in cooperation, to achieve 80% effective implementation of ICAO SARPS by December 2016. The JCAA is proud that, as an Authority, we were able to provide regulatory and Air Navigations Services (ANS) support to enable Jamaica to achieve

and exceed this target, as corroborated by the results of the 2016 Audit.

Upward And Forward

It should be noted, however, that while the results of the ICVM indicated a standard that comfortably exceeds average world performance, in addition to registering significant improvement for our State and region, activities are ongoing to maintain and improve this rating. As an important example, revisions to the Jamaica Civil Aviation Regulations (JCARs) and Civil Aviation Act were, at the end of the reporting period, being scheduled and prioritised. These legislative updates are being undertaken as imperative measures for improving our regulatory oversight, incorporating new standards and ensuring Jamaica's continued compliance with ICAO's Standards and Recommended Practices in the context of dynamic amendments to the 19 Annexes of the Chicago Convention. The JCAA was, therefore, exuberant to welcome the approval of the Cabinet of Jamaica vis-a-vis revising the Act and Regulations during the 2016-17 year. This, combined with the constructive input of all stakeholders, will allow Jamaica to continue to improve its ability to provide effective safety and security oversight, and attain our goal of being recognised as a leader in Civil Aviation Administration both regionally and globally.

Major Projects And Implementation Achievements

The JCAA is transforming to maintain and consistently exceed standards as an adaptive Civil Aviation Authority, which values our commitment to Regulatory and Air Navigation Services (ANS) excellence. Over the 2016-17 year, the JCAA's strong focus on effective regulatory oversight was matched by fervent and unceasing efforts

to enhance, modernise and upgrade our Air Navigation systems and services.

The JCAA undertook a number of projects to enhance the safety, efficiency and productivity of our navigations systems. While eighteen (18) complementary projects are at various stages of completion, the most impactful and context-redefining ones related to the new Air Traffic Control (ATC) Towers at the Norman Manley and Sangster International Airports, our Air Traffic Services Modernisation Programme (ATSMP), the installation of a new Instrument Landing System (ILS) at the Sangster International Airport, and the transition from a telex-based Aeronautical Information Service (AIS) to a satellite-enabled Aeronautical Information Management (AIM) system.

In accordance with Jamaica's need to comply with the requirements for implementing ICAO's Global Aviation Navigation Plan (GANP) in incremental, 5-year Aviation System Block Upgrades (ASBU), the JCAA was also tasked with the continued implementation of upgrades for Block O, the first ASBU module. Jamaica, through the JCAA, is pursuing, and in some cases advanced in the schedule for implementing some of the most important Block O upgrades. These relate to establishing Performance Based Navigation (PBN), Air Traffic Flow Management (ATFM), Arrival and Departure Management (AMAN/DMAN), and optimizing Approach Procedures, using Vertical Guidance, Route Area Navigation (RNAV) approaches and Improved Airport Operations, as facilitated by Airport Collaborative Decision Making (ACDM).

Commissioning of state-of-the art Air Traffic Control (ATC) Tower –

A highlight of the 2016-17 year

The new Air Traffic Control (ATC) Tower at the Norman Manley International Airport (NMIA) was commissioned into operation in September, 2016. This followed a successful cutover exercise, that was preceded by a period of parallel operations. The referenced operations allowed the JCAA to maintain ANS services at the old and new towers simultaneously, to avert any transitioning risks.

The new NMIA Tower, which features the most modern suite of ATC technologies, was officially opened by the Chairman of the JCAA's Board, Mr. Phillip Henriques, on behalf of the Minister of Transport and Mining in November 2016.

At the end of the year, the JCAA had also scheduled and was advanced with its preparations for completing a similar transition from the old Sangster Tower to a new ATC tower that was erected at the Sangster International Airport. While the building is structurally complete, its commissioning has been delayed by some technical difficulties which were encountered at the facility. Chief of these challenges was power-related damage, emanating from the external voltage ring which supplied the Tower with electricity. The correction of these and other issues has required the JCAA to establish and operationalise contracts for a new electricity arrangement, as well as for corrective work to repair or replace damaged equipment. Given the scope of work required to correct the anomalies and risks, the date for operationalising the Sangster Tower was revised to September 2017.

ATS Modernisation and other projects

Work is advanced on the project to modernise Jamaica's Air Traffic Services, as another important element of the programme being undertaken by the JCAA to enhance the safety, efficiency and reliability of our Air Traffic Services, as well as its continued ability to meet and exceed established international standards. The Air Traffic Services Modernisation Programme (ATSMP) features two independent, but complementary components. Firstly, work was enabled in relation to the project to replace the aged radars with new Mode 'S' Thales radars by November, 2017. This comprehensive radar replacement and upgrade will be completed in time to synchronize with the commissioning of the new Air Traffic Services (ATS) automation system. This synchronization will complete an essential modernisation loop, when the new ATS service, employing cutting-edge technologies and equipment, is operationalised from the Kingston Air Traffic Control Centre (KATCC), Jamaica's main Air Traffic Control facility.

Under the ATS modernisation project, substantial components of the new Topsy automation system were also installed during the 2016-17 year. With operational and maintenance training already underway for the JCAA's Air Traffic Controllers, as well as for the staff of Aeronautical Telecommunications Ltd. (AEROTEL), who provide maintenance support for JCAA's air navigations systems, the JCAA remains on track for a full ATS upgrade that will retire the current AUTOTRAC system by November of the 2017-18 year.

Safe and Sound – To the Ground Making Jamaica's Landing Approach even safer

The Instrument Landing System at the NMIA continues to enhance the safety of the landing approach, as we welcome aircraft to our Jamaican soil. To bolster this capacity, a milestone accomplishment over the period related to the installation of a new Instrument Landing System (ILS) at the Sangster International Airport (SIA) in November 2016.

With a successful flight check of the system anticipated for May 2017, the JCAA was, at the end of the reporting period, preparing to publish the relevant operational information as per ICAO's standard publication procedure for significant aeronautical information. The details will be included in the next cycle of the Aeronautical Information Regulation and Control (AIRAC) publication to enable the commissioning of the new ILS system by November 2017.

Jamaica's Air Traffic Management and Air Navigations Systems are also poised themselves to benefit from our current alignment with regional and ICAO timelines for implementing Performance Based Navigation (PBN). In this regard, it is significant that Jamaica met the schedule for implementing the first phase of PBN by December 2016. Our Air Navigations Services will, by 2018, feature this new system, as a capacity-enhancing, fuel-saving and more accurate and efficient navigation tool, that optimises the safe use of the available airspace, with its precise instrumentation capabilities. PBN will also assist Jamaica to fulfil its ongoing commitment to environmental sustainability. Indeed, it will augment efforts, conducted over the 2016-17 year, to implement a solar and gate-electrification project at Jamaica's two, main

international airports, as an ICAO/UNDP pilot project.

One team – Working to achieve a Common Mission

The JCAA was able to discharge its mandate and mission, over the course of the reporting period, despite existing industrial relations challenges. While two Heads of Agreements were successfully concluded during the year, the resolution of a number of issues in relation to the two remaining unions was outstanding. Considerable progress was, however, achieved and the JCAA anticipated the finalisation of mutually satisfactory agreements with the remaining unions early in the 2017-18 year.

The JCAA is, nonetheless, proud that the Authority's team members maintained our commitment to the values of safety, regulatory objectivity and integrity, as we executed our mission of *"ensuring that the public is provided with a safe, reliable, efficient and user-friendly Air Transport System, being cognizant of the Standards And Recommended Practices developed by the International Civil Aviation Organisation."*

Accordingly, the Board of Directors and Management of the JCAA, graciously extend our appreciation to the members of the JCAA team for their diligence and dedication over the course of the year.

REACHING BEYOND THE SKY – Attaining Our Vision as a World Class Civil Aviation Administration

While the year registered significant accomplishments for Jamaica's air transport industry, as a result of the JCAA's project implementation and regulatory activities, the remaining responsibilities, entrusted to the Authority, are enormous and dynamic. Notwithstanding the challenges, the JCAA looks forward to witnessing and celebrating the achievement of new safety, efficiency and industry development milestones in the succeeding year.

I conclude by recognising the truism that "the sky is the limit, but only for those who are afraid to fly." The JCAA is therefore, prepared to *reach beyond* as, with the support of all stakeholders, we work, fly and SOAR together.

Divisional Reports



Regulatory Affairs Division



ACTIVITIES OF THE REGULATORY AFFAIRS DIVISION

Revision Of The Civil Aviation Act 2004 And The Regulations

As a part of the JCAA's thrust to improve its regulatory capacity and efficiency, while facilitating more appropriate enforcement powers and procedures, the Cabinet of Jamaica was asked to approve the request for a comprehensive revision of the Civil Aviation Act 2004 and Jamaica Civil Aviation Regulations. The objectives were to strengthen the related provisions, in keeping with developments in the aviation sector and Jamaica's thrust to maintain compliance with the Convention on International Civil Aviation (Chicago Convention, 1944).

A request for the issuing of drafting Instructions in respect of the Chief Parliamentary Counsel was also made. The JCAA is pleased to report that Cabinet granted approval on July 11, 2016 and this project is now underway.

ICAO Coordinated Validation Mission (ICVM) 2016

Among the significant achievements of the Division was the success of the second ICVM Audit, which took place from June 7 to 16, 2016. We are proud to report that Jamaica has maintained a steady trajectory, as the JCAA has continuously improved its effective implementation of the State's safety oversight system since the first Audit, conducted in 2007.

After completion of the June 2016 ICAO Coordinated Validation Mission (ICVM), which reviewed Jamaica's progress in addressing 233 Protocol Questions (PQs) in the areas of Aviation Legislation and Regulations (LEG),

Accident and Serious Incident Investigations (AIG), Air Navigation Services (ANS) and Aerodromes and Ground Aids (AGA), Jamaica's overall Effective Implementation (EI) was revised to 81.12% percent.

The scope of this ICVM did not include the areas of Civil Aviation Organisational structure (ORG), Personnel Licensing activities (PEL), Aircraft Operations (OPS) and the Airworthiness of Civil Aircraft (AIR). Consequently, an Off-Site Validation Activity was carried out in October 2016 to assess these areas. This resulted in an improvement of the EI to 82.38 percent. Analyses of Jamaica's Effective Implementation (EI) by the Critical Elements (CEs) of the Safety Oversight System are graphically illustrated in Figures 1 and 2 below. The results following the Off-Site Validation are illustrated in Figures 3 and 4.

Figure 1: Progress re Jamaica's Effective Implementation of ICAO SARPS

Jamaica

El before ICVM: 67.13%

El after ICVM: 81.12%

Figure 1: Effective Implementation by Critical Elements of a Safety Oversight System

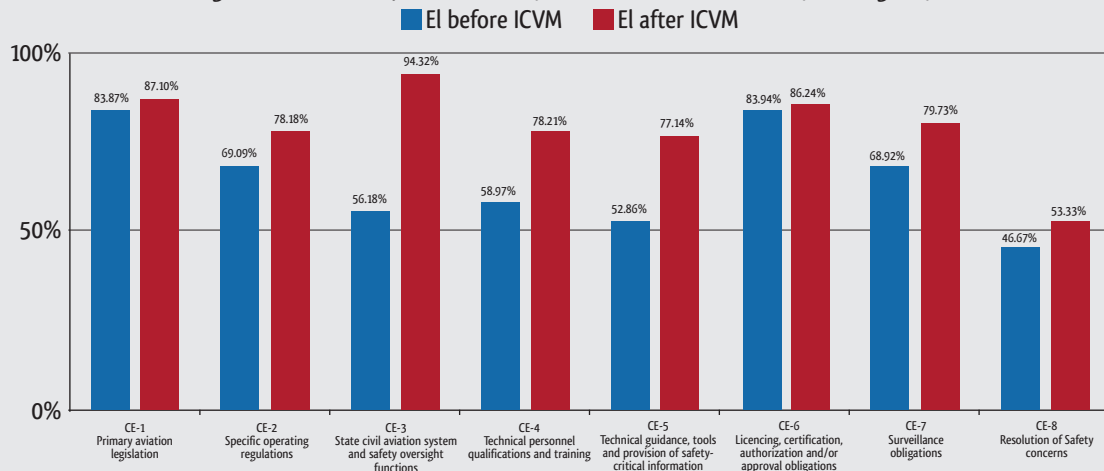


Figure 2: Analysis of Jamaica's Effective Implementation by Safety Critical Elements (CEs)

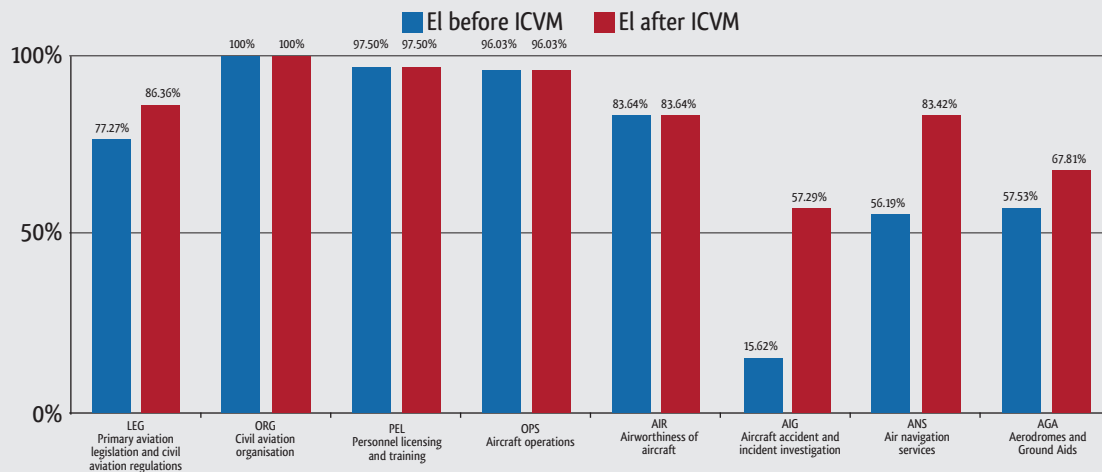


Figure 3: Improvement in Jamaica's Effective Implementation after Off-site Validation Activity

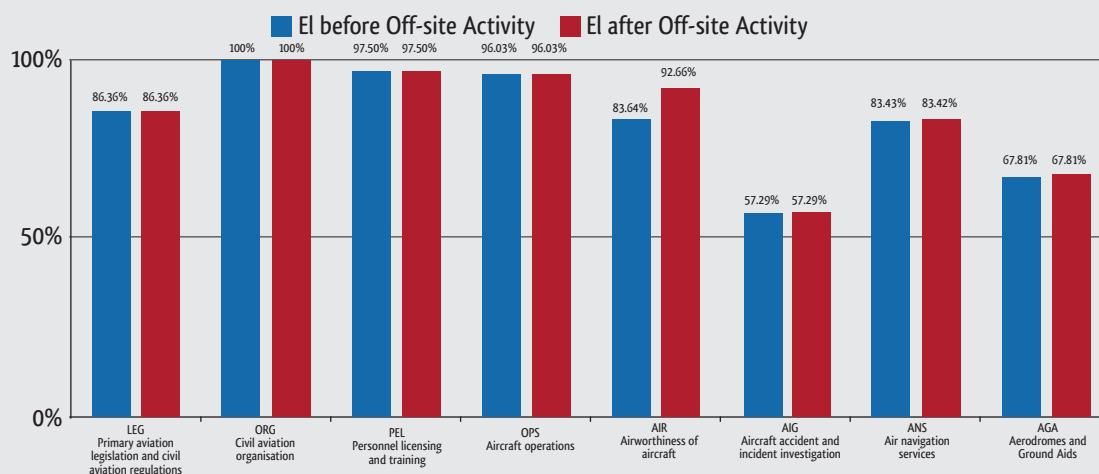
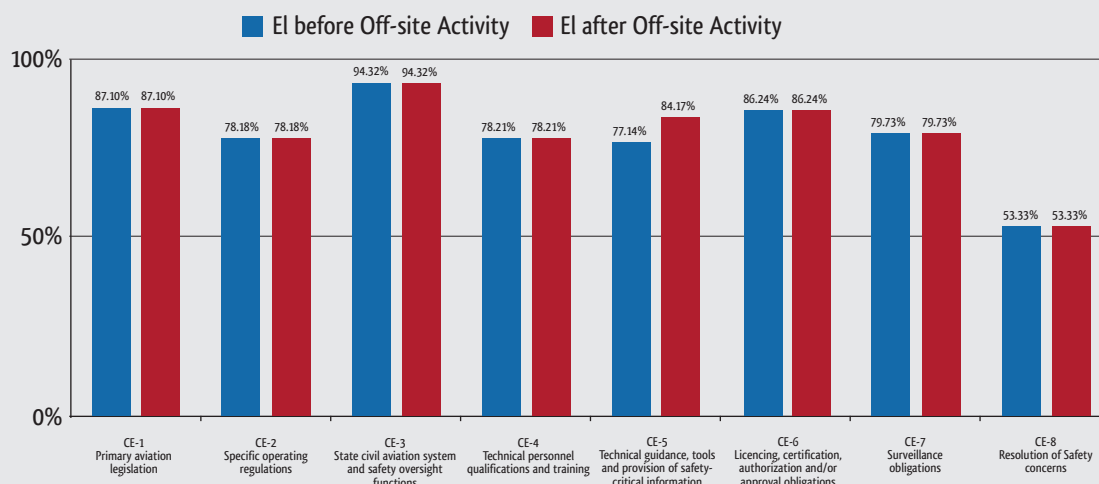


Figure 4: Effective Implementation by Critical Element (CE) after Off-Site Validation Activity



It must, however, be noted that while the results of the ICVM indicated significant improvement in our EI, the work is not complete. The approval received from Cabinet to revise the Act and Regulations is welcomed. This, along with the constructive input of all stakeholders, will allow Jamaica

to improve the effectiveness of its safety and security oversight. The measures will also assist the country's goal of being recognised as a leader in Civil Aviation Administration, both regionally and globally.

Meeting Regional Port of Spain (POS) Declaration Targets

Jamaica, as a signatory to the Port of Spain Declaration, is committed to achieving 80%

effective implementation of ICAO SARPS by December 2016. The JCAA is proud to have exceeded this target, in addition to other targets, as outlined in the table below.

Port of Spain (POS) Targets for December 2016

POS DECLARATION TARGETS		JAMAICA'S RESULTS
1	80% Effective Implementation of ICAO SARPS by December 2016	81.12% Effective Implementation at June 2016
2	Effective Implementation of Critical Element 3 (CAA Staff) at 70% and above	94.32% Effective Implementation at June 2016
3	Effective Implementation of Critical Element 4 (Inspector Competency) at 70% and above	78.21% Effective Implementation at June 2016

Consumer Protection And Fair Competition

At the sixth ICAO Air Transport Conference held in March 2013, the Conference outlined the need “to support the protection of consumers of air transport services”, and agreed that “the effectiveness of States’ regulatory responses could benefit from increased convergence and compatibility”. In accordance with those objectives, ICAO developed a set of core principles on consumer protection, and at the last ICAO General Assembly concluded in October 2016, Member States were urged to apply these principles. During the year under review, Jamaica, through the JCAA, initiated preliminary discussions with the relevant GOJ agencies, in an effort to enhance the policy focus for achieving this goal.

Environmental Protection

Tremendous progress was achieved in the area of environmental protection during the 2016-2017 year. Jamaica, in addition to

participating in several international fora, dealing with the matter of environmental protection, secured funding through the ICAO/UNDP Environmental Pilot Project to implement a Solar Pilot Project at two of Jamaica’s three international airports. The JCAA also collaborated with other GOJ agencies on issues pertinent to achieving the environmental goals to which Jamaica committed under the Paris Agreement.

Air Services Agreements

The JCAA continued to support Jamaica’s efforts to realize improvements in generating air traffic to Jamaica, through the support it provided for the negotiation of Air Services Agreements. Through participation in ICAO’s Air Services Negotiations Event (ICAN 2016), additional air services agreements and memoranda of understandings were negotiated and signed.

Moving Forward

Plans are underway to implement a State Safety Programme for meeting the provisions

of ICAO Annex 19, as a strategic goal of the JCAA in the area of our Safety Management System. The State Safety Programme will be implemented through an integrated set of regulations and activities, aimed at improving safety, and achieving an Acceptable Level of Safety Performance (ALoS_P) in civil aviation.

The division will utilize IT-enabling systems to improve efficiencies, responsiveness and tracking of all industry activities, as we progress with the implementation of the State Safety Programme.



Flight Safety



FLIGHT SAFETY OVERVIEW

During the 2016-2017 period, the JCAA's Flight Safety Department (FSD) continued to support the Authority's performance as an effective industry Regulator, despite staffing constraints in the Flight Operations sub-division, as well as the Aerodromes and Ground Aids (AGA), Air Navigation Services (ANS) and Safety Management System(SMS) sub-divisions.

During the year under review, there were:-

- nine (9) active Air Operators
- three (3) active Approved Maintenance Organisations
- three (3) active Approved Training Organisations
- three (3) International Airports
- three (3) Domestic Aerodromes
- four (4) certified Aviation Security Services Providers
- three (3) certified Security Handling Agents
- one (1) Air Navigation Services Provider

Oversight activities were focused on both local and international operators, inclusive of foreign air operators and service providers.

Major Initiatives

Five-Fold Increase in Applications for Commercial Unmanned Aerial Vehicle (UAV) Permits

Unmanned Aerial Vehicles (UAVs) or Unmanned Aircraft Systems (UAS), commonly referred to as "drones", continued to proliferate as an emergent phenomenon that encompassed remotely or autonomously operated aircraft. While the use of UAVs for agricultural, videography, hobbyist and other purposes intensified within Jamaica, their

ability to interfere with the safe conduct of aircraft operations made oversight and the development of procedures for UAV operations, of paramount importance to the JCAA.

While Jamaica has not yet developed specific legislation for licensing, registering or safely integrating UAVs within Jamaica's airspace, the Authority experienced success with efforts to increase the awareness of operators, regarding UAV safety requirements and guidelines. This success was enabled through strategic industry engagement, as well as continued efforts to publish advisories and guidance materials via print media, the JCAA's website and our Twitter site.

Most importantly, the Jamaica Civil Aviation Regulations (JCARs Part IX) requires the issuance of a permit for commercial operations. Applications for such permits increased five-fold during the first two months of 2017, when compared with the same period in 2016. It is also notable that, with ninety-three (93) Permits issued over the year, the JCAA experienced significant increases in the issuing of UAV or Drone Permits in 2016, as compared with the previous year. This trend is likely to continue, in accordance with the growth of the industry worldwide.

Other developments in the UAV sector included the Authority conducting an Operator Certification process for the conduct of aerial Agricultural works on a commercial level. Additionally, the FSD developed and published Flight Safety Notifications (FSN) regarding the use of UAV/drones for both recreational and commercial operations.

As the JCAA worked to update its legislation and internal processes, manpower enhancements and training were targeted to support the Authority's mission of providing comprehensive safety and security oversight for the UAV sector. With UAV technology undergoing rapid enhancements while becoming more accessible, continuous training will be a key focus for the JCAA, as it ensures the competency of staff who possess responsibility for UAV oversight.

Universal Safety Oversight Audit Programme (USOAP)

The Flight Safety Department finalized the corrective action plan for all outstanding ICAO Universal Safety Oversight Audit Programme (USOAP) findings. The Plan and required evidence of corrective action were uploaded to ICAO's online framework (OLF). Upon the completion and subsequent review of the evidence by ICAO, a USOAP audit was confirmed and conducted over the June 7 -16, 2016 period. This audit targeted Primary Aviation Legislation & Civil Aviation Regulations (LEGS), Aircraft Accident and Incident Investigation (AIG), Air Navigation Services/Communications, Navigation and Surveillance (ANS/CNS) and Aerodromes and Ground Aids (AGA). All Corrective Action Plans (CAPs) in other areas, namely Personnel Licencing (PEL), Operations (OPS) and Airworthiness (AW) have been completed and were also uploaded. While they will continue to be reviewed under ICAO's continuous monitoring approach, the results contributed

to ICAO's assessment of a 82.38% Effective Implementation of the ICAO Standards and Recommended Practices (SARPS), up from 67.13%.

Human Resource

The work of the Flight Safety Operations division, as well as the AGA, ANS and SMS sub-divisions, continued to progress, despite two (2) divisions being below their required staffing strength. Attempts were made, over the 2016-17 year, to recruit persons for vacancies in the Operations sub-division and AGA, ANS and SMS Sub-divisions, through advertising. The JCAA's Human Resource Department was, however, unable to find suitably qualified persons to fill the positions, and efforts are ongoing.

Human Resource appointments, during the year under review, included the recruitment of a Director of Flight Safety. The Department, however, lost the services of two (2) Aviation Safety Inspectors (OPS) and a Manager with responsibility for Flight Operations.

Training

During the 2016- 2017 year, the Flight Safety Division remained committed to its safety oversight mandate by ensuring the availability of an inspectorate that was trained in all technical areas, as required for the effective oversight of the aviation system. Development training complemented technical training to assure enhanced productivity and efficiency, as the Authority delivered excellent service to our aviation industry stakeholders.

There were thirty (30) training events, inclusive of conferences, seminars, workshops, meetings, forums and training courses, which were attended by twenty-two (22) Flight Safety personnel. The events were hosted by twenty (20) licensed and/or approved

training organisations, both locally and overseas.

Among the noteworthy international training organisations, which provided regulatory training, were the Federal Aviation Administration (FAA) Training Academy, the International Air Transport Association (IATA), the International Civil Aviation Organisation (ICAO), Singapore Aviation Academy, Trinidad & Tobago Civil Aviation Training Centre, the Flight Safety Training Institute, and the Jamaica Civil Aviation Authority Training Institute (CAATI).

Surveillance

During the period under review, the Flight Safety Division accomplished the following surveillance activities. These assisted the JCAA to ensure a safe and secure air transportation industry and included:

- Aircraft Ramp Inspections
- Base Inspections
- Flight Deck/Cabin Enroute Inspections
- Pilot Proficiency Checks
- Simulator Checks
- Certificate of Airworthiness Inspections
- Maintenance Documentation Checks
- Dangerous Goods Inspections
- Cabin Safety Inspections
- Aerodrome Inspections
- Communications, Navigation and Surveillance Inspections
- Air Traffic Management Inspections
- Search and Rescue Facility Checks
- Aeronautical Information Management Inspections
- Charts & Procedure Development Inspections
- Approved Training Organisation Inspections
- Training Programmes Inspections
- Aviation Security Provider Inspections
- Personnel Licensing Activities

- Operator Certifications
- Accident Investigations
- Investigations for non-compliance events

Through these activities, the JCAA reinforced a proactive safety management culture, in which hazards and risks, as well as appropriate mitigation strategies, were continuously identified and applied. Effective control measures were assessed and amended to drive continuous system improvements.

AOC Inspections

Inspections were conducted on various Air Operator Certificate (AOC) holders including:

- Fly Jamaica Airways Limited
- Airways International
- Rutair Airways
- Island Hoppers Limited
- Captains Aviation
- Timair Airways
- Tara Couriers
- Airspeed International
- CATC
- Ramp inspections of other foreign Air Operator Certificate holders.

Certifications for 2016-2017

During the period under review, enquiries were made by a number of companies, which were interested in Certification. The following companies commenced the certification process, and are at various stages of certification:

- Airways International (Completed)
- Caribbean Aviation Training Centre (Completed)
- Civil Aviation Authority Training Institute (CAATI) (ATO)
- Ports Security Corps Ltd. (Aviation Security Provider) (Documentation phase completed)

- Norman Manley International Airport (Aerodrome Certification- Documentation phase)
- Agrocaelum Limited (Drone Operation – Document Evaluation phase)

Investigations and Resolution of Safety Issues

The JCAA undertook a number of investigations, and ensured that these were conducted in accordance with ICAO's Annex 13, Jamaica's Civil Aviation Regulations 2012 and Jamaica's Accident and Incident Investigations Manual.

Safety issues identified during the various audits, inspections and surveillance activities were addressed to the holders, who sought to address safety concerns in an expeditious manner.

Regional Partnerships & Safety Oversight Organisation - CASSOS

The JCAA's Flight Safety Division continued its active participation in the Regional Safety Oversight Organisation, RSOO. The region's RSOO, the Caribbean Aviation Safety and Security Oversight System (CASSOS), facilitated the cooperation and support of Member States, as they enhanced their safety and security oversight activities through data sharing, mutually-reinforcing processes for ensuring compliance with ICAO standards, and the sharing of technical resources.

The JCAA continued to play active and leading roles to support the success and functioning of these organisations, with JCAA personnel functioning in the following positions:

- Chairperson of the Board of CASSOS
- Chairpersons of the CASSOS Personnel Licensing, Operations and Accident Investigations Standing Committees

- Membership on numerous CASSOS Standing Committees

As the JCAA worked with neighbouring jurisdictions to enhance the safety of the regional air transportation industry, support was provided for the conduct of Pilot Proficiency Checks, as well as Company Check Pilot & Designated Flight Test Examiners in St. Lucia, Antigua and Guyana. Jamaica also worked with Guyana in the areas of Dangerous Goods and Air Navigation, as they prepared for their ICVM 2016 Audit. In addition, assistance was also provided to Haiti, in relation to the Air Operator Certification process for a Haitian Carrier.

International Support

Jamaica, through the Flight Safety Division's Airworthiness Inspector, participated in the ICAO North American, Central American and Caribbean (NACC) Regional Office's *Release of Subject Matter Expert for the Multi-disciplinary Technical Assistance Mission*. This event was conducted in the Bahamas under the No Country Left Behind Strategy.

Jamaica also hosted ICAO Cabin Safety Workshops in *Cabin Crew Competency-based Training* and the *Investigation of Cabin Safety Aspects in Accident and Incidents*. These were conducted over the period March 21 – 24, 2017.

The JCAA also contributed technical expertise in Aviation Security (AVSEC), through participation in the Toronto Pearson International Airport Investigators' Training Symposium (IAITS).

Flight Safety Activities 2016-2017

Activity	# Performed
Base Inspections	45
Ramp Inspections	231
Certificate of Airworthiness Inspections	9
Renewal/Issuing of Air Operator /Aircraft Maintenance Organisation / Approved Training Organisation Certificates	10
Unmanned Aerial Vehicle Permits	93
Aerodrome Inspections – Local	28
Aerodrome Audits	1
Foreign Air Operator Certification Inspections	8
Proficiency Checks	15
Flight Checks (Line checks/Enroute checks)	32
Air Traffic Management Inspections	22
Communications, Navigation and Surveillance Inspections	15
Search and Rescue Facility Inspections	1
Aeronautical Information Management Inspections	4
Charts & Procedures Development Inspections	1
Security Inspections	105
Security Tests	3

Personnel Licensing (PEL) Activity Report for Year Ending March 31, 2017

MONTH	ATPL	CPL	PPL	SPL	ATC	AME	FO	Total Monthly Exam & Licensing Activities	Total
Apr - 16	10	8	1	1	8	7	0	7	35
May - 16	14	9	5	9	13	4	0	12	54
Jun-16	9	7	2	4	5	6	0	9	33
Jul-16	3	5	5	2	2	2	0	4	19
Aug-16	11	8	0	1	18	5	0	14	43
Sep-16	6	5	3	11	13	1	0	13	39
Oct-16	0	1	1	2	1	3	0	9	8
Nov-16	11	2	5	6	7	4	0	15	35
Dec-16	15	5	2	2	7	4	0	3	35
Jan-17	7	3	0	4	4	2	0	5	20
Feb-17	6	8	3	1	11	3	0	5	32
Mar-17	7	7	5	4	8	8	0	8	39
Grand Totals	99	68	32	47	97	49	0	104	392

Total Licensing Activities: 392

Total Exams Activities: 104

Key	
ATPL	Airline Transport Licence
CPL	Commercial Pilot Licence
PPL	Private Pilot Licence
SPL	Student Pilot Licence
ATC	Air Traffic Controller
AME	Aircraft Maintenance Engineer
FO	Flight Dispatcher (Flight Operations Officer)

ECONOMIC REGULATION

The Economic Regulation Department regulated Jamaica's air transport industry in a manner that led to the development of policies and procedures, which supported the industry's sustainable development and Jamaica's economy. Licences and permits were processed and issued, and these facilitated the accommodation of over 2.182M tourists, who transited the island's two international airports, on either scheduled or non-scheduled (charter) flights. Under a liberalized open skies policy, Air Services Agreements were negotiated and updated. Where necessary, extra bilateral approvals were also facilitated, until updated agreements could be renegotiated. These activities facilitated more direct route connectivity and increased passenger movements, supporting trade, investment and tourism.

Jamaica's airports were regulated to balance efficiency, profitability and the furtherance of airport users' interests. The latter necessitated provisions for consultancy, over the past year, which set the stage for the next 5-year airport charges review.

The Air Transport statistical programme remained an important element of the Department's activities. These statistics facilitated timely decision-making, based on empirical data gathered from industry stakeholders. Environmental sustainability was also pursued through two ICAO initiatives. These were the Carbon Offset and Reduction Scheme for International Aviation (CORSIA) and the continuation of the solar electrification project for airports gates, geared at reducing Jamaica's carbon foot print within the aviation industry.

Air Commerce

The Licence & Permit Unit processed and approved six hundred and five (605)

applications, amounting to an increase of 17% over the previous year. Commercial approvals issued for scheduled and non-scheduled journeys grew by over thirty four percent (34 %) from one hundred and seventy-one (171) to two hundred and thirty (230). Approval of applications attributed to operations by state aircraft grew by 17% to three hundred and seventy-five (375). These were generally attributable to the transportation of military personnel, delegations from foreign embassies, and the repatriation of Jamaican citizens by foreign governments.

Supporting the Government of Jamaica's Air Policy Objectives

As a positive development that supported our industry expansion and growth objectives, the JCAA received and commenced the processing of an application for scheduled services to Jamaica later this year, by German airline company, Eurowings. The department also submitted and received thirty-four (34) approvals for operations that are beyond

the scope of current bilateral air services agreements, from the Ministry of Transport & Mining. The resulting air transportation movements, which amounted to a 70% increase over the previous year's figure, were critical for facilitating airlift services for business operators, tourists and sporting teams, from such regions as the UK, EU Central, South America, Canada and the Caribbean.

The department also assisted the island's efforts to increase direct connectivity, as we participated in ICAO's Air Services Negotiations Event (ICAN 2016) and provided support to the Ministry of Transport & Mining's Air Policy Committee, in relation to the negotiation of eighteen (18) Air Services Agreements. This resulted in the initialling of twelve (12) Air Services Agreements (ASA) and Memoranda of Understanding, and the signing of another ASA with Kuwait. Many of the agreements that were initialled can be provisionally applied, pending the completion of Agreements with the respective States.

Airport Regulation

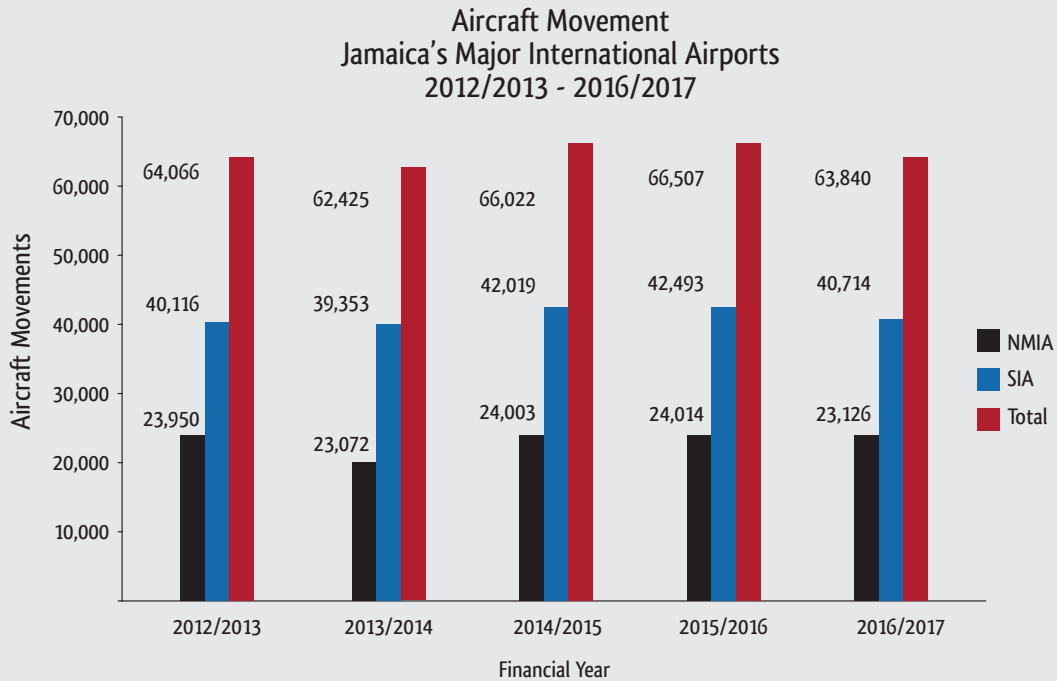
In furtherance of its function vis-a-vis promoting the efficient, economic and profitable operation of airports under the Airports (Economic Regulation) Act, 2002, the Authority approved adjustments in airports charges, based on the April to point-to-point United States Consumer Price Index (US-CPI). Approval was granted in September 2016 for implementation of the adjustments on January 1, 2017. Quarterly surveys results of passenger comment cards, passenger surveys and baggage handling reposts were received and reviewed to ensure performance targets were maintained at both the Norman Manley and Sangster International airports. In furthering the reasonable interests of users of the airports, the Authority also requested

proposals for the provision of consultancy services for preparatory work leading to the next tariff review. The project includes important outputs, such as reports on the major regulatory issues, policy options and possible treatment of issues for the upcoming review period. A robust financial model to guide airport operators' submissions and the Authority's analyses is also a deliverable. The procurement processes are advanced and three proposals were received and evaluated. A successful bidder was selected and work is expected to commence by May 2017.

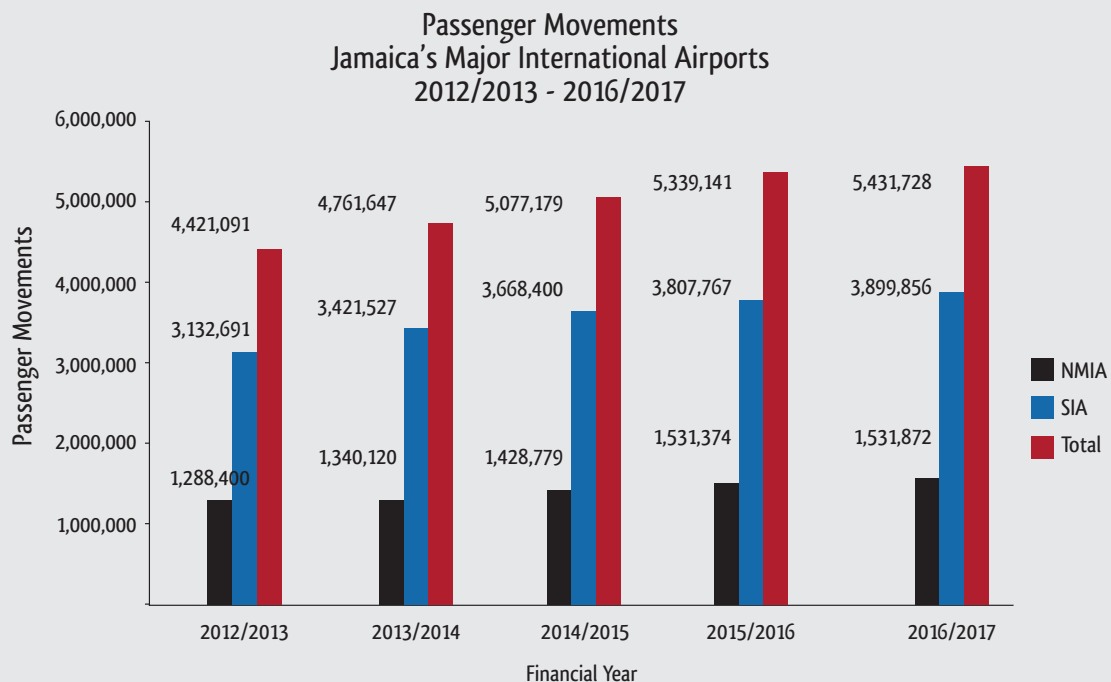
Aviation Statistics

As a state focal point of our national and international obligations, the Economic Regulation department collected, stored and disseminated aviation statistics for use by national, regional and international stakeholders in their forecasting, infrastructure planning and resource scheduling activities, among other uses. Just under 70% of all ICAO statistical inputs were submitted within the required monthly, quarterly and annual timeframes, as the department continued to engage and collate data from internal and external stakeholders.

During the period under review, aggregate aircraft movement declined by 4.01% over the previous period, in line with respective reductions experienced at both Sangster and Norman Manley International airports, of 4.19% and 3.70%. Given the increase in commercial approvals for scheduled and non-scheduled journeys, a reduction in the schedules of some airlines was a likely contributor.

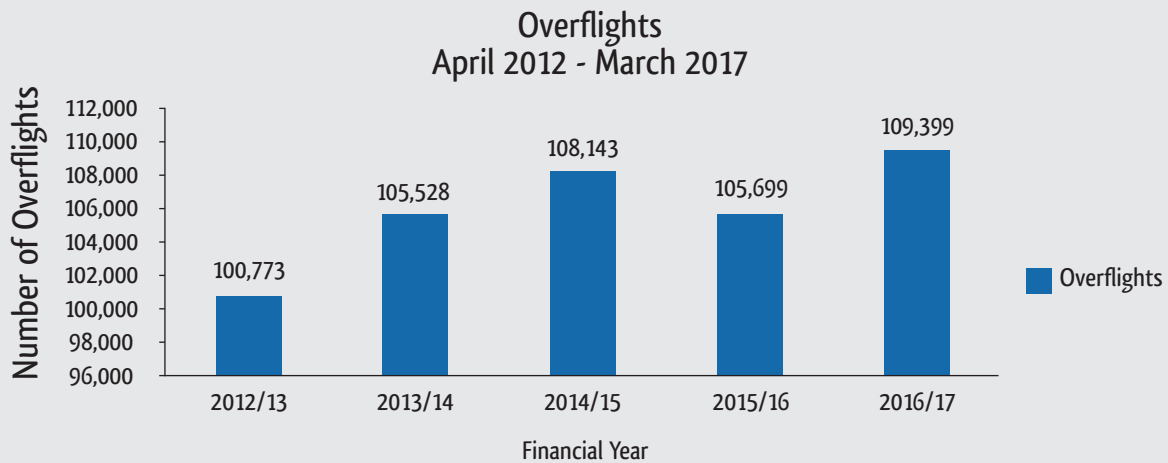


Passenger movement, by contrast, registered an aggregate growth of 1.73%, with Sangster International growing by 2.42% and Norman Manley experiencing a marginal increase of 0.03% over the previous year.



Overflight aircraft movement was significant, and resulted from flights transiting the Kingston Flight Information Region (KFIR) between North and South America. During the period under review, overflight movement resulted in one hundred and nine thousand, three hundred and ninety-nine (109,399)

flights - an increase of 3,700 flights or 3.5% over the previous year. This performance represented a rebound from the decrease of 2.26%, a year earlier, when service reliability issues impacted overflight movements.



Environmental Stewardship & Leadership

Jamaica intensified efforts to achieve environmental sustainability over the 2016-17 period, as it actively participated in ICAO Global Aviation Dialogues (GLADs) and other initiatives geared at the development of Global Market Based Measures (GMBM) in the form of a Carbon Offset and Reduction Scheme for International Aviation (CORSIA). CORSIA was adopted by ICAO's 191 States, including Jamaica, in October of 2016. It is a subset goal of the United Nations Framework Convention on Climate Change (UNFCCC), which was ratified under the Paris Agreement. Jamaica is expected to decide, in the new fiscal year, whether it will participate under the voluntary phase of CORSIA.

In collaboration with ICAO/UNDP, Jamaica entered into the second phase of the project for electrifying airport gates with solar energy produced at the island's two international airports. The Jamaica Civil Aviation Authority (JCAA) coordinated a second visit by ICAO to host bidders' technical meetings, capacity building support for airport teams and special target group meetings. Following these exercises were evaluations of Requests for Proposals and bidders. A bidder has been selected and a contract will be awarded shortly. This will enable the purchase of the required equipment and installation in the new fiscal year.

Air Navigation Services



As the JCAA progressed with efforts to modernise Jamaica's Air Navigations Systems and services, the ANS Department managed the installation and oversaw the implementation of a number of projects that will enhance the safety, reliability and efficiency of Jamaica's air transport industry.

These multi-million dollar projects included, inter alia, the new towers at the Norman Manley and Sangster International Airports, the Air Traffic Services Modernisation Programme (ATSMP), the installation of a new Instrument Landing System (ILS) at the Sangster International Airport, and the start of the transition from Aeronautical Information Services (AIS) to an Aeronautical Information Management (AIM) system.

In addition to these capital projects, the ANS Department was tasked with responsibility for implementing the Block 'O' modules of the Aviation System Block Upgrades (ASBU), which have been outlined by the International Civil Aviation Organisation (ICAO) for all Member States. Some of the modules that are being implemented within the Block 'O' time frame are Performance

Based Navigation (PBN), Air Traffic Flow Management (ATFM), Arrival and Departure Management (AMAN/DMAN), and the Optimization of Approach Procedures, incorporating Vertical Guidance, Route Area Navigation (RNAV) approaches and Improved Airport Operations through Airport Collaborative Decision Making (ACDM).

Achievements:

Norman Manley Air Traffic Control Tower

The new Norman Manley Air Traffic Control Tower was commissioned into operation in September of 2016, following the resolution of some technical challenges and the successful completion of a number of integrity checks by the JCAA's management.



SIA Tower



NMIA Tower

The Tower was officially opened by the Chairman of the Board of the JCAA, Mr. Phillip Henriques, on behalf of the Minister of Transport and Mining in November of the same year.

The structurally complete Sangster Air Traffic Control Tower is yet to be put into service, with work underway to resolve technical difficulties, which have delayed the commissioning of operations at the facility. Substantial progress to rectify the main problems, which resulted from an erratic electricity supply and consequential equipment damage, was made over the 2016-17 year. The Tower is scheduled to come on line in September 2017.

The Sangster ILS

As a safety-enhancing and precision-landing approach facilitator, the Instrument Landing System (ILS) for the Sangster International Airport, was completed in December of 2016. The ILS is scheduled to be commissioned into service by October 2017 and, at the end of the 2016-17 financial year, preparations were advanced to facilitate a flight check of the system.

The Air Traffic Services Modernisation Project (ATSMP)

During the 2016-17 year, various milestones were achieved under the Air Traffic Services Modernisation Project (ATSMP), which consists of two independent, but complementary components. The first relates to the replacement of the current air traffic automation (AUTOTRAC) system with the state of the art Thales (Topsky) automation system, while the second involves the replacement of the aged Raytheon radars with new Mode 'S' Thales radars.

Topsky Air Traffic Automation System

Work to replace the current air traffic automation (AUTOTRAC) system with the state-of-the-art Thales Topsky automation system was 70% complete at the end of the reporting year. Corollary activities to install associated equipment for the functioning and integration of the system at the Norman Manley and Sangster International Towers, as well as at the Civil Aviation Authority Training Centre (CAATI), were 95% complete at the end of the review period. In the latter regard, the Topsky system's design, which incorporates capabilities for conducting 'live' Air Traffic Control operations from CAATI, is strategic. The nearly complete installation of a replica system at CAATI will, in fact, not only enhance the effectiveness of the JCAA's air traffic control training, with its immersive and guided application of real Air Traffic Control environments. Additionally, as a reliability-enhancing measure, Topsky's redundancies will create the latitude to switch operating centres, when maintenance, installation or other work is being conducted on the core system or in the event of a disaster, affecting our primary ATC unit.

It is also important to note that the redundancy capabilities of the new Topsky automation system are not limited to CAATI. All ATC services, which are currently being conducted at KATCC, as the nucleus of Jamaica's Air Traffic Control system, may be conducted at the new Norman Manley and/or Sangster International Towers, in the event of an earthquake, fire or other service-affecting occurrence.

As the JCAA prepares for the completion of the ATC modernisation project in November 2017, Air Traffic Controller training, to

facilitate the efficient and optimal operation of the system, commenced in June of the 2016-17 year. The comprehensive training plan, which is a critical project component, has also included technical training for the JCAA's Communications, Navigation and Surveillance (CNS) personnel, other JCAA employees, and technical staff of Aeronautical Telecommunication Ltd. (AEROTEL), who provide critical service and maintenance support for the JCAA Air Navigations systems. Following the completion of training, parallel operations involving the simultaneous operation of the Kingston Air Traffic Centre (KATCC) and CAATI, will be undertaken, to allow for a safe and seamless transfer of all ATC operations to CAATI, as the JCAA's upgrades KATCC with the new equipment.

The Topsky system, which will begin to facilitate significant operational improvements, following the cutover of interim operations to CAATI, introduces a number of advanced features that greatly improve safety, while enhancing service delivery. Among these features are Air Traffic Services (ATS) Inter-facility Data Communications (AIDC), which will automate the transmission of aircraft estimate messages from one centre to another, thereby eliminating the current, manual mode, which is susceptible to errors and transmission failures.

Another important Topsky feature relates to Controller-Pilot Data-Link Communications (CPDLC). CPDLC will allow the Controller to direct and confine data messages to an individual aircraft, thus eliminating message interference or misunderstanding between ATC centres and pilots – a likely scenario in a non-segregated communication environment.



New Thales radar at NMIA Radome

Comprehensive Radar Replacement and Upgrade

In synchronisation with the project to modernise Jamaica's Air Navigations Services are activities to replace the old Mode 'C' Radio Detection And Ranging (radar) system with new Thales Mode 'S' radars. As a result of this project, Jamaica's air transportation industry is poised to benefit from greater reliability, as well as enhanced capabilities relating to superior data accuracy, and the facilitation of more comprehensive information in relation to the tracking and detection of aircraft. To date, the project has involved the dismantling, removal or impending installation of radars at the Norman Manley International Airport, Norwood site in Montego Bay and the Long Range Radar (LRR) site at Mount Denham.

In terms of the status of the project, the radar at Norman Manley International was replaced and flight checked, and the system

is ready for commissioning to service. The dismantling and upgrade of the Norwood radar, as well as the Site Acceptance Test (SAT) and Flight Check tests are scheduled for completion between June and August, 2017. The Mount Denham radar, the final radar to be replaced, will be upgraded following the completion of the Norwood upgrade.

The entire radar Replacement and Upgrade project is on track for completion by November 2017. This timeline will synchronize with the operation of the new air traffic control (ATC) automation system at from KATCC.

Regional Cooperation to advance ICAO's Radar-Data Sharing Model

As a progressive, cost-efficient and safety-enhancing mechanism, ICAO has been encouraging the establishment of cooperative agreements to facilitate radar data-sharing between States and regions. Several ICAO member states are advanced in these arrangements and medium to long term radar data-sharing facilities are anticipated to be common place between states within a few years.

Jamaica, through the JCAA, sought to capitalise on the benefits related to cost savings and, more importantly, the provision of full redundancy as a failure-mitigating mechanism, over the reporting year. Accordingly, a radar-sharing agreement was concluded between Jamaica and Cuba during the 2016-17 year. While some technical glitches need to be resolved to accommodate the use of the data for Jamaica's ANS operations, Jamaica and Cuba are now successfully sharing radar data. At the end of the reporting period, extensive tests were being carried out between the Simulator Room housing the Thales Topsky automation system and Havana Cuba.

Another imminent radar-sharing development is upcoming with the anticipated conclusion of an agreement between COCESNA and Jamaica during the 2017-18 year. Figure 1 below clearly shows the southwestern section of Jamaica's FIR adequately covered using COCESNA's radar data feeds, from facilities located in Puerto Cabazas (PZA) and the Cayman Islands. Successful negotiation of this radar-sharing agreement is expected to result in Jamaica benefitting from the use of COCESNA's radar data for the next 5 years, at minimum.

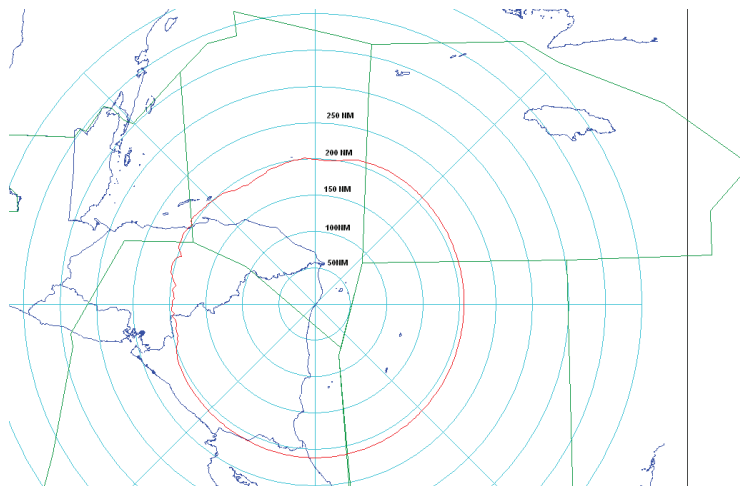


Figure 1: Radar coverage of Southwestern section of Jamaica's FIR

Performance Based Navigation (PBN)

As ICAO sought to improve the productivity, safety and environmental sustainability of the national, regional and international airspaces, for the collective benefit of air operators and other stakeholders, Performance Based Navigation (PBN) was introduced as a navigational solution that is facilitating a redesign of the referenced airspaces to create more efficient and environmentally-friendly flight trajectories for aircraft. Jamaica continued activities to support PBN implementation over the 2016-17 year, with the completion of PBN Area Navigation (RNAV) approaches for Jamaica's two, main international airports. This accomplishment allowed us to meet the regional target of the Port of Spain Declaration, which required *"80% of Instrument Approach Runways to have Approach Procedures with Vertical Guidance (APV) with Barometric Vertical Navigation (Baro VNAV) ...[provided]... by service providers and users by December 2016."*

While PBN is a regional undertaking, Jamaica is committed to expediting the completion of this air navigations project. Through various activities, the JCAA prepared itself to leverage advanced technologies to provide more direct trajectories for aircraft, in a dynamic and flexible ATS environment, with the necessary safety containment and controls. The resulting increase in airspace capacity, as well as fuel consumption and carbon emissions reductions, are advantages that Jamaica and all aviation stakeholders eagerly anticipate.

Over the year in review, the JCAA was also an active participant in the development of PBN routes within the Caribbean region. A total of eight (8) routes were agreed upon

and four (4) of those routes are scheduled to be implemented in August or September of 2017.

Plans are, therefore, in place for the implementation of PBN Operations in the terminal areas of the NMIA and SIA to enhance aircraft and air traffic operations. With Jamaica assigned as the champion for coordinating and harmonizing PBN routes within the North American, Central American and Central Caribbean region, in collaboration with the South American States, the country negotiated and agreed on a proposed PBN route structure with neighbouring Flight Information Regions (FIRs) over the reporting year. Once these route structures have been validated by States not adjacent to Jamaica, they will be implemented, following training of the Air Traffic Controllers.

On-going projects Transitioning to a satellite-based Aeronautical Information Management (AIM) System

Over the 2016-17 period, approval was granted by the Cabinet of Jamaica for the purchase of equipment that will facilitate the transitioning from a telex-based Aeronautical Information Services (AIS) to a satellite-based Aeronautical Information Management (AIM) system.

Government approval has also been received for the recruitment of appropriate personnel to staff the AIM unit. In preparation for the transition, the Civil Aviation Authority Training Institute (CAATI) commenced provision for the conduct of an appropriate course to train Aeronautical Information Services Officers (AISO) within the second quarter of the 2017 year.

DVOR Replacement at the Norman Manley International Airport (NMIA)

While Jamaica prepared for the implementation of Performance Based Navigation (PBN) and Automatic Dependent Surveillance – Broadcast (ADS-B) as superior navigational facilities, work continued, over the 2016-17 year, to facilitate the replacement of the aged Doppler Very High Frequency Omni Directional Range (DVOR) at the Norman Manley International Airport (NMIA). The DVOR continued to operate as the primary device for defining routes within the Kingston Flight Information Region (KFIR) and providing guidance to aircraft during their landing approach to the NMIA.

Following the development and publishing of specifications, bids for the replacement of the Manley DVOR were received over the 2016-17 year. At the end of the reporting year, evaluation and vendor selection processes were underway to facilitate the engagement of a suitable supplier and the development of a contract. Jamaica is expected to benefit from a new DVOR facility at the NMIA by May, 2018.

Air Traffic Flow Management (ATFM)

Over the 2016-17 year, the JCAA advanced plans to establish Air Traffic Flow Management (ATFM) within the Kingston Flight Information Region (KFIR). ATFM is being established as a mechanism for proactively optimising air capacity and balancing air traffic demands, to safely and efficiently minimize delays and congestion, increase safety and throughput, and lower operational costs through fuel savings, while providing scheduling predictability.

The ATFM office was substantially completed over the 2016-17 year, but will not become active as a fully operational unit within the KATCC, until the Topsy system is completely installed in November 2017.

Continued Leveraging of the Microwave Radio Network

The installation of the Aviat Microwave Radio Network in 2014 continued to produce significant benefits as a line-of-sight, point-to-point, wireless technology, supporting the safe and efficient transmission of navigational and surveillance data within Jamaica's Flight Information Region (FIR). A major milestone that was enabled by the Network over the 2016/2017 fiscal year, was the procurement of equipment and commencement of activities to rollout the Network Operations and Control Centre (NOCC).

Advances were made to develop the centre as a facility that allows remote and real-time monitoring of key parameter equipment, voltage and other readings, equipment room temperature and entry breaches at the JCAA's support and communications sites. Following the installation of NOCC servers, any Internet Protocol (IP)- related failure of the network will generate a text or email message, alerting technical support in real time.

The project will be concluded in the 2017-18 year with the installation of additional servers and large monitors, to coincide with the operationalisation of the KATCC using the new automation system and equipment.

The Microwave Radio network is also being prepared to facilitate the introduction of Internet Protocol (IP)-based services

that will enable Jamaica's transition to an Aeronautical Information Management (AIM) System.

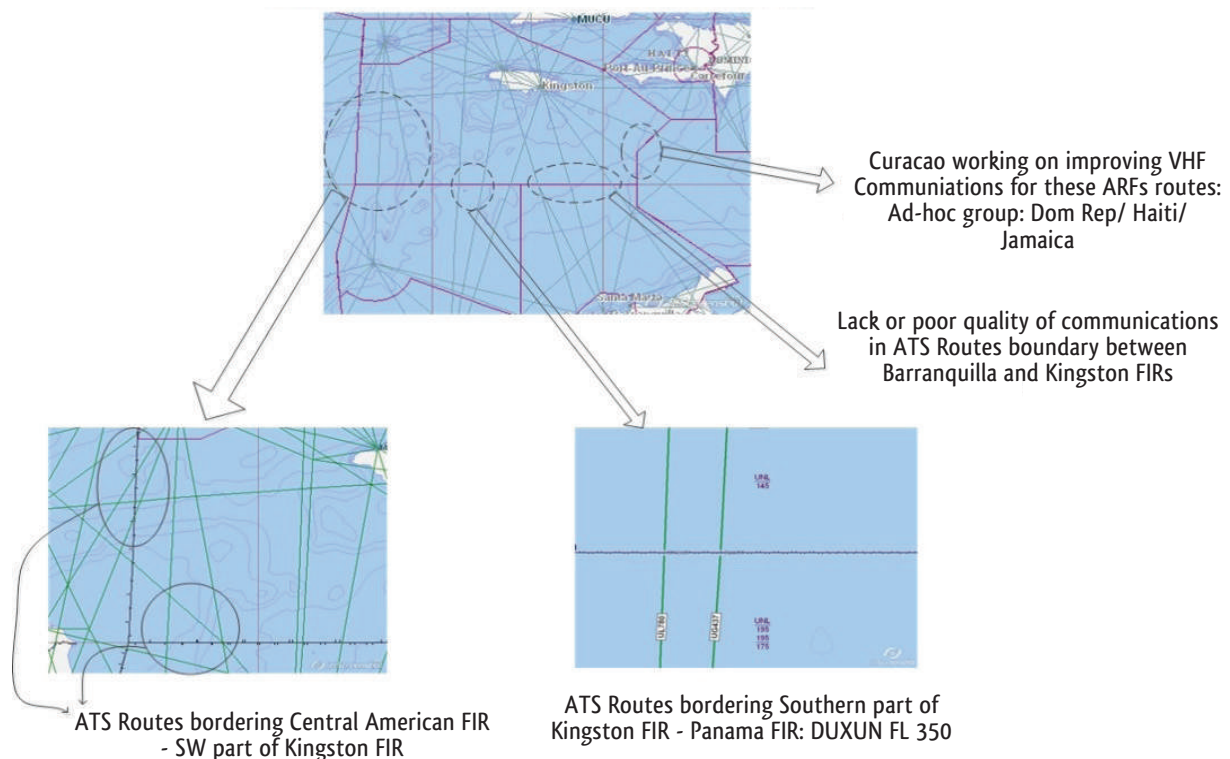
Air-Ground Communication

Another major achievement of the JCAA's ANS modernisation programme involved the transition of Air-Ground (A-G) radios from serial technology using multiplexers, to state-of-the-art cisco routers. A new A-G radio site was established at the Kempshot radio site during the year under review, and the commissioning of the site into service is awaited. Given the importance of the A-G network, redundant sites were also being established to reduce the risk of failures. Related equipment was, therefore, installed at the Bamboo site in St. Ann. These installations are eradicating network failures and, at the end of the reporting period, plans were well advanced to transfer all A-G radios at our main site in Ayr Hill from multiplexers to routers.

As a result of the listed project developments, Jamaica will have a number of A-G radio sites in operation going forward, and these include Catherine's Peak in St. Andrew, Ayr Hill in Trelawny, Kempshot in St. James and Bamboo, St. Ann. Other A-G sites include those at the Sangster International Airport (SIA), Norman Manley International Airport (NMIA) and Paradise, St. James.

Of critical importance, over the period, was also the installation of an A-G radio, programmed with the frequency 124.0 MHz, at COCESNA's Puerto Cabazas (PZA) site in Nicaragua. This facility will give Air-Ground radio coverage in the southwest section of the FIR, where poor radio and radar coverage have always been serious concerns for the ICAO regional office. The Puerto Cabazas radio site is another facility, which Jamaica's Air Traffic Controllers will be able to use, once the configurations are completed.

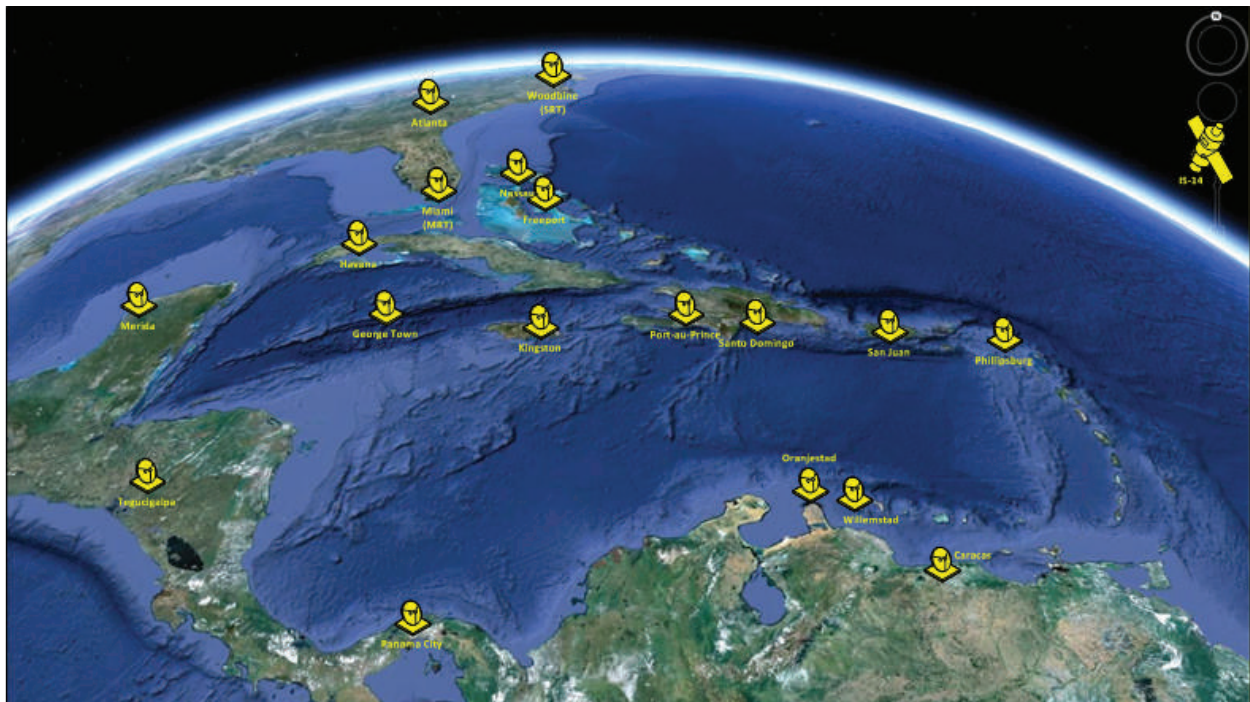
Figure 2: Inadequacy of Aeronautical Mobile Service (AMS) Very High Frequency (VHF) Communication in Central Caribbean



MEVA III Network

The private MEVA 111 satellite network, which facilitates real-time communication between adjacent FIRs, to enable the safe transitioning of aircraft from one airspace to the next, performed creditably over the period under review. Having undergone an upgrade from MEVA II to MEVA III in 2015, the current network is fully IP-based. The increased efficiency in the use of bandwidth, resulted in reduced satellite

network costs for all MEVA members, including Jamaica, over the review period. Presently, the Federal Aviation Authority (FAA) is upgrading its infrastructure, as it transitions from an X.25 end-end protocol to an X400 IP network. Jamaica is, therefore, poised to benefit from the transition from an Aeronautical Fixed Telecommunication Network (AFTN) to an Air Traffic Services Message Handling System (AMHS) by October 2017.



The GOJ Energy Efficiency Conservation Programme (EECP)

Over the 2016-17 year, the JCAA intensified activities to improve the energy efficiency of its operations, as part of a Government of Jamaica (GOJ) initiative, which was launched in 2010-11 to reduce energy consumption by government entities, such as the JCAA.

Having conducted a comprehensive energy audit in the 2014-15 year, the JCAA identified a number of efficiency opportunities, which were outlined for implementation in four (4) phases. A breakdown of the Phases is listed below:

- Phase 1 – Replacement of inefficient doors and windows and the application of 3M solar films to minimize heat transfer

- Phase 2 – Replacement of fluorescent and sodium flood lamps with LEDs
- Phase 3 – Replacement of all inefficient conventional A/Cs with Inverter-type A/Cs
- Phase 4 – Implementing “cool roof” solutions via the application of foam seals to all roofs, in order to minimize heat transfer and improve building profiles

Having completed Phases 1 & 2 in the preceding years, the JCAA undertook efforts to replace inefficient conventional

A/Cs with Inverter-type units over the 2016-17 year. The implementation of the ATM modernisation project has, however, delayed the installation of the units at the KATCC. It is anticipated that installation of the inverter units at KATCC will be completed to coincide with the installation of the new Topsky equipment at the Centre, during the 2nd quarter of the 2017-18 year. Work also began, over the year, to provide “cool roof solutions”, most notably at the CAATI and Accounts buildings.



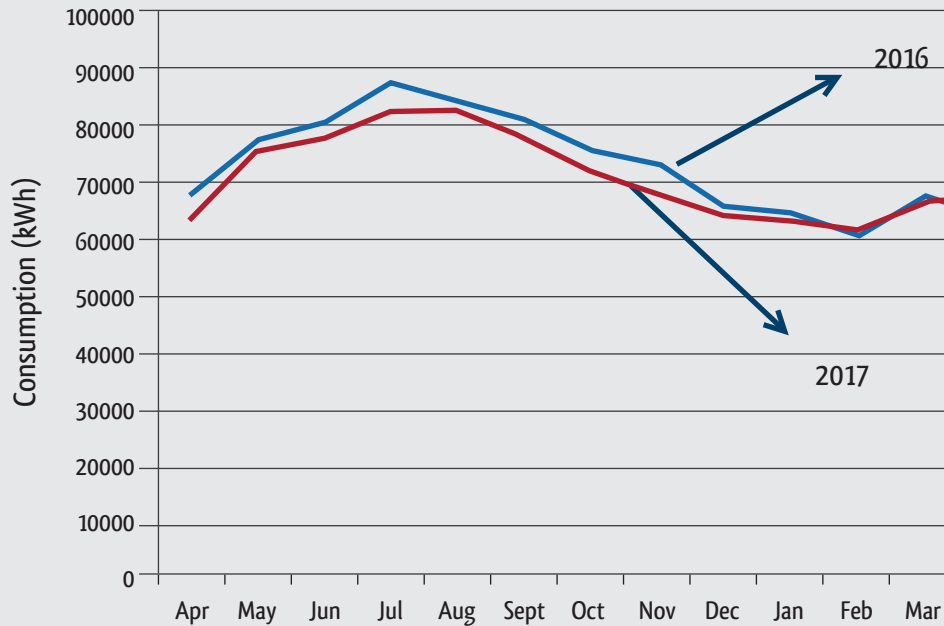
Fig. 3: Application of a “cool roof solution” at the JCAA to minimize heat transfer.

Renewable Energy Solutions

The use of renewable energy sources was also an important strategy under the Authority’s plan to reduce its energy consumption. PV panels installed at the new SIA control tower have significantly reduced the consumption of diesel fuel required to run the standby generator, as the JCAA worked to complete power-related faults at the facility.

The JCAA also continued to closely monitor the energy consumption at Winchester Road and other key sites, as an important strategy, and the graph below shows the consumption trend year-to-date, as well as the comparative consumptions for 2016 and 2017.

Winchester Road Consumption



While improvement opportunities exist, the results are positive, with the average energy consumption for 2017 below the figure recorded for 2016. This positive trend is expected to continue and widen, when the JCAA operationalises all energy-efficient A/C solutions, especially in areas, such as the KATCC, which is a 24-hour operation.

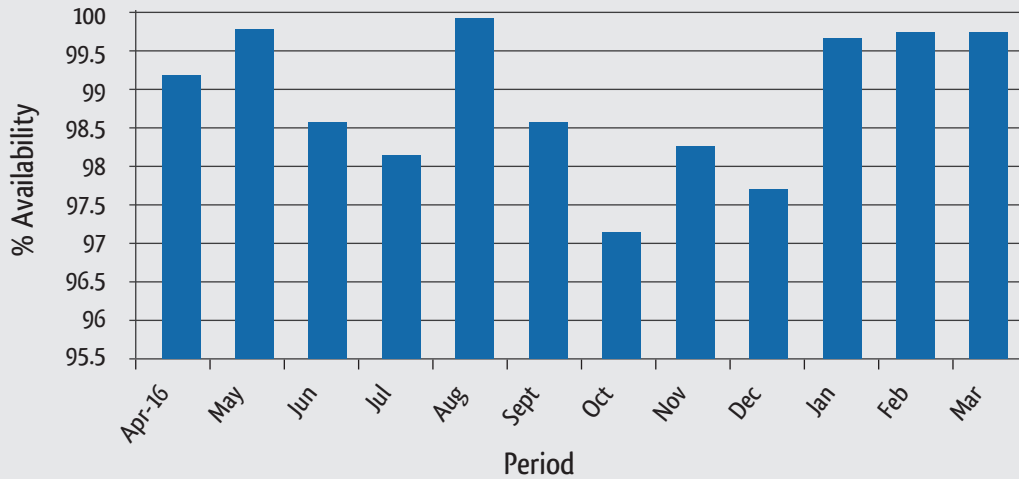
Equipment Maintenance

As the JCAA counts down to a modernised Air Navigations Services (ANS) environment, incorporating upgraded Radars, a new automation system and new Voice Control Communication Systems, significant strides

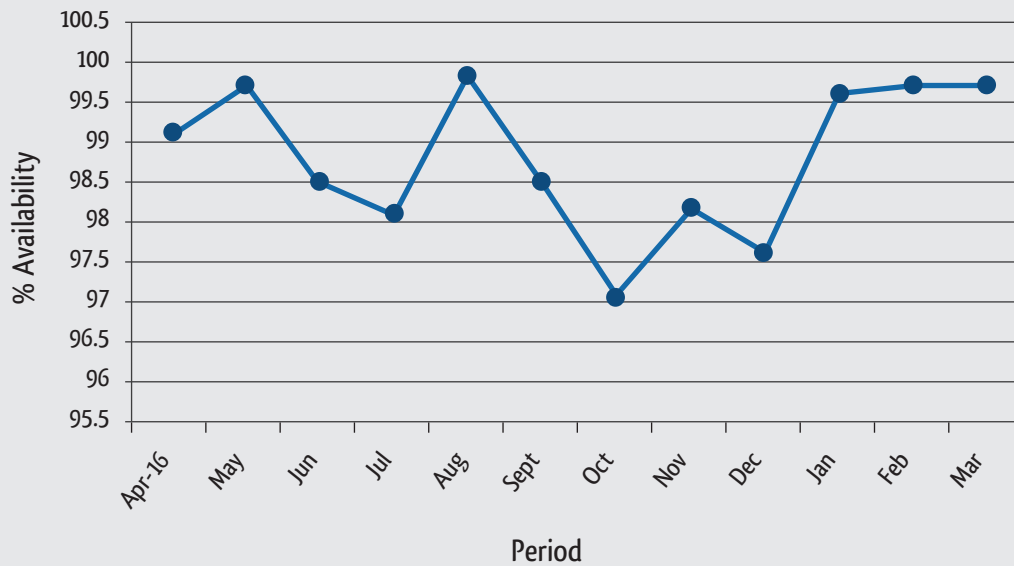
were made to stabilise the aged systems to enhance their reliability. While the graphs recording their availability and reliability show some measure of instability as a result of the equipment's age, efforts by management to stabilise the system bore some fruit towards the end of the 2016-17 year.

The Systems Availability and Trend Analysis graphs are shown overleaf.

Systems Availability: April 2016 – March 2017



Availability Trend Analysis: April 2016 – March 2017



Corporate Services Division



From l-r: Director General of the JCAA, Mr. Nari Williams-Singh, Chairman of the JCAA, Mr. Phillip Henriques, Chairman, NMIA Ltd. Mr. Neil Seaton and JCAA Board Member, Mr. Marc Ramsay.

INFORMATION TECHNOLOGY

Introduction

As the facilitator of the organisation's information technology pursuits, the JCAA's IT Department continued to provide support services to enable the safe and efficient conduct of the Authority's functions and service responsibilities, over the 2016-17 year. The JCAA's ability to undertake some IT projects was, however, impacted by staff shortages within the IT Department. Some successes were achieved in relation to a number of IT projects and activities; however, progress was delayed in a number of instances. The JCAA's performance against established IT targets for the 2016-17 year is outlined below.

I.T. Operational Plan Results – 2016-17

The I.T. Department's combined project portfolio for products & professional services, was valued at approximately J\$55 million dollars, for the 2016-17 year. There were forty-two (42) listed objectives for the department during the period under review. Fifty-seven percent (57%) of the planned objectives were achieved or partially accomplished. The remaining forty-three percent (43%) were not achieved, primarily as a result of inadequate staffing and related project execution difficulties.

Notwithstanding the above, the investments managed by IT, were put into productive use for the JCAA over the reporting period. Several of these projects facilitated the removal and upgrade of aged I.T. infrastructure & applications. The upgrades incorporated Network Switches, Servers, Firewalls, an Anti-Virus Server, the installation of a Private

Branch Exchange (PBX) telephone system at the NMIA, and a Personal Computer (PC) Replacement Programme, which was 90% complete at the end of the reporting year.

New JCAA Website

A major accomplishment, over the 2016-17 year, was the launch of a new, dynamic JCAA website on March 15, 2017, in collaboration with the Corporate Communications & Information Services (CCIS) Department. The redesign has created a rich and dynamic platform for disseminating and exchanging operational, service and industry information, in respect of the Authority's various stakeholders. At the end of the reporting year, the platform was being established as an authoritative, accessible and dependable source of information regarding Jamaica's civil aviation industry and the activities of the JCAA.

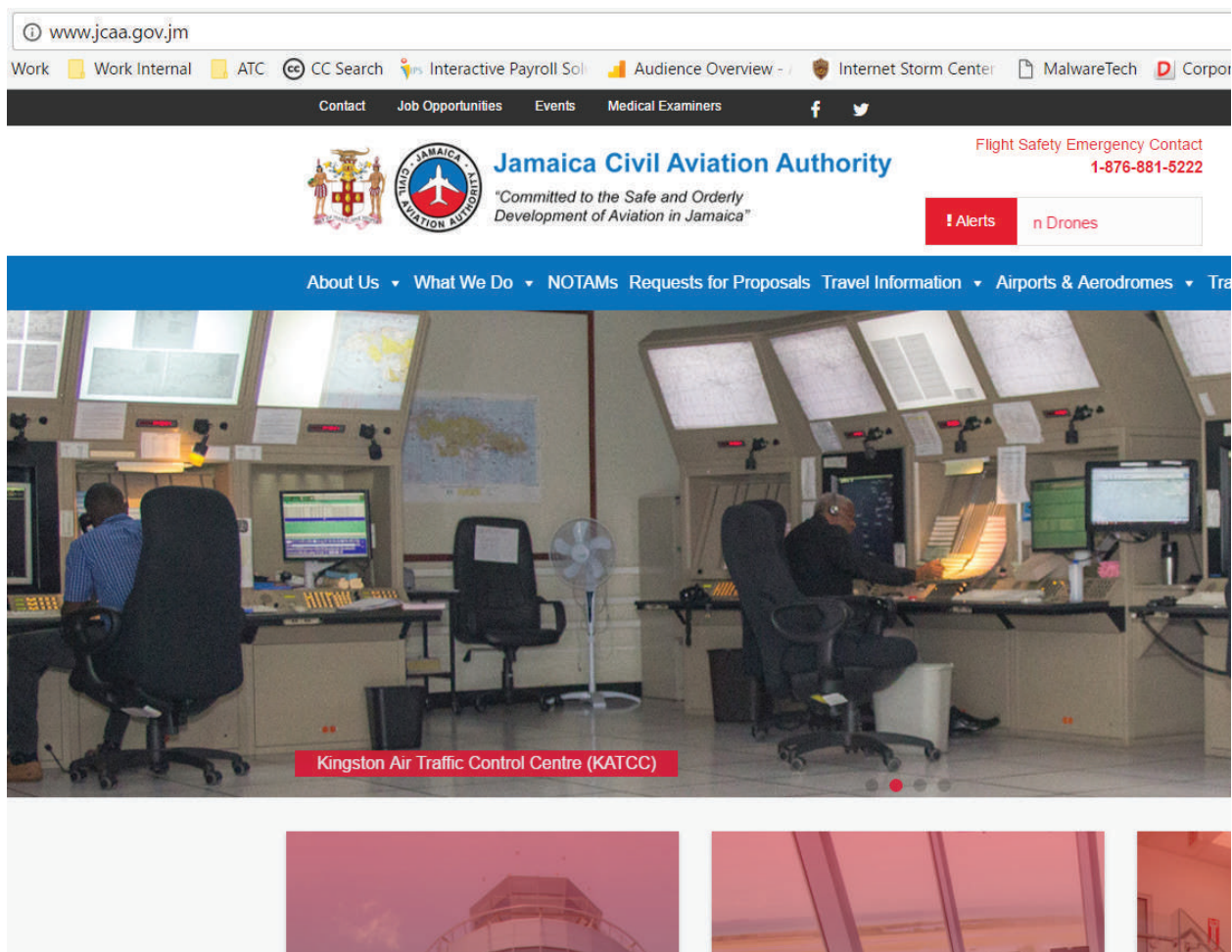


Figure 1: New Website featuring an Optimised Search Engine, Content Management Workflow, I.T- focused Technical Support and Optimised frameworks for Tablets & Mobile Phones

New I.T. Help Desk

A new Help Desk was established over the 2016-17 year as a useful tool for receiving, managing and evaluating the quality of the I.T. Department's Support Services. For the last quarter of the financial year, a total of 263 help desk tickets were received. Of that total, 220 tickets (83%) were closed, leaving a balance of 43 tickets. The success of the system continues to improve, as more JCAA Departments use the system, and information is provided to better analyse the needs of the organisation, on the basis of empirical data.

Throughout the year, other support services

were provided by the IT Department and this included management of the invoice generation processes for the Passenger Aviation Service Charge (PASC) & Air Navigation (AirNAV) fees.

Collectively, all projects helped the JCAA to achieve its mandate, while reducing the operational risks related to the reliability and value of the services provided to the industry and stakeholders.

Status of IT projects as at March 31, 2017

Project Name	Description	Status
ICT Infrastructure Upgrade	Deployment &/ Installation of: <ul style="list-style-type: none"> • 21 Network Switches & 2 Firewalls at the JCAA's Headquarters • 4 New Servers • Storage Area Network (SAN) • VMWare Platform (Virtualization) • PBX System at N.M.I.A • PBX System at S.I.A. • Anti-Virus Server Upgrade • PC Replacements • Live Streaming for Staff Meetings 	85% 100% 100% 100% 100% On Hold 100% 90% 100%
Redesign of JCAA's Website	Partnering with the C.C.I.S. Dept. to design, build & launch new website - www.jcaa.gov.jm	100%
Access Control for A.T.C. Towers	Norman Manley International Airport (N.M.I.A.) Sangster International Airport (S.I.A.)	Not completed
Help Desk Service	Deployment of ticket system to track & manage I.T. Service Requests.	100%
Great Plains (G.P.) Upgrade	Complete Testing of upgraded GP System	100%
Paramount Workplace Requisition for G.P.	Install Software and update Business Processes for automation (Procurement & Finance)	15%
Panatrack Inventory Management for G.P.	Business Processes to be updated for Automation. (Finance, Office Management)	15%
Team Augmentation Service	Contract needed technical skill to augment I.T. Team Capability. Repair Backup Solution.	100%

Human Resource

Introduction

During the 2016-2017 financial year, the Human Resource (HR) Department continued its pursuit of strategies related to effective recruitment and staffing, training and the promotion of organisational learning, leadership development, staff welfare and performance management.

The HR department also spearheaded the development and review of new and existing policies to increase their alignment with the organisation's mission and strategic goals, with particular emphasis on succession planning, as well as the administration of staff benefits.

Employment/Promotion

The Executive Management team was strengthened with the formal appointment of a Deputy Director General, Air Navigation Services effective May 1, 2016. The establishment of this post strengthened the functional separation of Air Navigation Services and Regulatory Affairs.

Over the reporting period, the JCAA continued to experience challenges in identifying highly specialized skills for the Flight Safety Department. This impacted the Authority's ability to adequately meet international civil aviation manpower requirements.

Training & Development

Our training and development goal was to ensure that staff members in every Department were exposed to some developmental activity and this was achieved. In keeping with the JCAA's vision of providing

an appropriate environment for the growth, development and professional enhancement of staff, one hundred and seven (107) employees completed training locally and eighty-one (81) employees attended courses, workshops, meetings, seminars and conferences overseas.

Local training included:

- Transformational Leadership
- Conflict Management & Resolution Strategies
- Corporate Risk Management
- Principles and Practices of Project Management
- Airport & Air Navigation Services Provision
- Principles of Economic Regulation
- Emergency Planning & Crisis Management
- Emotional Intelligence
- Strategic & Corporate Planning
- Inventory Management
- Understanding & Interpreting ISO 9001:2015

The overseas trainings, meeting and conferences were in relation to:

- Safety Management Systems for Civil Aviation

- Aviation Leaders Programme in Public Policy
- Planning & Strategic Direction in Civil Aviation
- Advanced Procedures for Air Navigation Services - Operations
- Civil Aviation Management
- Aeronautical Information Management
- Instrument Landing System (ILS) Maintenance
- Search & Rescue Administration
- Air Traffic Management Safety Investigation & Analysis
- Aviation Law for Managers
- Advanced Safety Management Systems for Civil Aviation
- Aircraft Accident Investigation
- Factory Training and Factory Acceptance Tests

Education Assistance

The JCAA continued to assist staff in their quest for self-development, by providing education loans, grants and scholarships and by allowing for the reimbursement of tuition fees paid for various degrees.

During the year, \$709,941.15 was granted for education loans and \$1,205,631.20 for tuition reimbursement.

Education Assistance for Children of Employees

The JCAA continued to value the role of a good work/life balance on employee wellness. Accordingly, the JCAA continued to offer programmes, which provided assistance to JCAA employees and their dependents. This initiative was extended with the development of an Education Assistance Policy for Children of Employees, which was implemented effective April 1, 2016. The policy provided a framework for the award of a one-time Grant to be given to one child of an employee at the Secondary and/or Tertiary Level. A total of twenty-five (25) dependents received awards for studies at the secondary level, while eighteen (18) dependents were granted awards for tertiary-level studies.

Staff Movement

The Authority continued to provide opportunities for motivating staff and rewarding performance through upward mobility, among other incentives. A stable staff turn-over rate was also enjoyed during the period April 2016 – March 2017. The table below illustrates the staff movements which occurred:

ACTION	NUMBER OF PERSONS
Employment	
• New	13
• Temporary	4
Promotion	
• Air Traffic Control Staff	13
• Administrative & Other Staff	5
Resignation	10
Retirement	3
Other (Expiration of Contract/ Termination/Death)	1

Wellness

The JCAA sought to improve the health and well-being of staff by facilitating the continued improvement of the gym and wellness centre and partnering with the canteen concessionaire to provide healthy meal options for staff.

Occupational Safety and Health (OSH)

Work on the establishment of an Occupational Safety and Health (OSH) programme continued during the year, in order to achieve the objectives of:

- providing a safe and healthy workplace for employees, contractors and clients
- continuously improving the management and standard of the OSH systems in the workplace
- reinforcing a culture of safe working practices at the Authority
- reducing or eliminating workplace incidents, injuries and illnesses
- promoting employee welfare

The Authority also sought to build the capacity of staff through OSH sensitisation sessions, mainly in the areas of Earthquake Awareness and Ergonomics.

Staff Interaction

The JCAA continued to stage opportunities for staff to interact with each other, which included after-work Lymes, Easter and Christmas events.

Sporting Teams

Joint Aerotel/JCAA sporting teams in Netball, Football and Basketball were supported

throughout their participation in the respective competitions.

Employee/Industrial Relations

The industrial relations climate was active during the year. Although efforts were made to address matters when they arose and to pre-empt others before they escalated, a number of disputes were reported to the Ministry of Labour for conciliation.

The Authority was successful in concluding Memoranda of Agreements with the Jamaica Air Traffic Controllers' Association (JATCA), which represents 99% of Air Traffic Controllers and the Bustamante Industrial Trade Union (BITU) which represents the non- management administrative staff.

Wage and fringe benefits negotiations with the Jamaica Aviation Inspectors Association (JAIA) and the Management Staff Association (MANSA), for the April 2015 to March 2017 period remained outstanding at the end of the financial year. All efforts were made to reach a resolution during the period, but these were unsuccessful.

Internal Communication

In an effort to ensure openness, transparency and increased staff awareness, the JCAA continued to facilitate meetings and ongoing communication with staff, unions and Associations.

Performance Management

In keeping with the strategic focus on performance management, the JCAA partnered with the Management Institute for National Development (MIND) to revamp its current Performance Management System, with a view to adopting and tailoring the Government's Performance

Management Appraisal System (PMAS). The scope of the project, which was targeted for implementation effective April 1, 2017, included the following:

- Development of a Competency Framework through the review of all job descriptions
- Development of Departmental and Individual Work Plans
- Sensitisation Sessions and training interventions for various categories of staff and groups

Work is underway to ensure that the revised system:

- is appropriate for all job categories, while allowing for the full engagement of staff in the process

- enables greater alignment of organisational and departmental goals with individual work plans
- better aligns strategies, resources and systems with our strategic objectives and priorities

The project was overseen by the MIND Consultation Committee, a Steering Committee of Executive Management headed by the Director General, and a Project Implementation Team comprising representatives from all categories of staff. The Implementation Team provided support to enable the project's successful completion. A PMAS Resource Team has also been established to support the Human Resource Department and users of the system.

THE JAMAICA CIVIL AVIATION AUTHORITY TRAINING INSTITUTE (CAATI)

During the 2016-17 year, the Jamaica Civil Aviation Authority Training Institute (CAATI) continued its mission of providing world-class training to Air Traffic Controllers (ATC) and other designated personnel, who work as a team to provide safe, sustainable and efficient air navigation services to the local and regional air transportation communities.

Through a roster of training activities and other events, the Institute continued to fulfil the new and recurrent training needs of the Air Traffic Services (ATS), Air Navigation Services (ANS) and Aeronautical Information Services (AIS) personnel. These individuals serve the Kingston Air Traffic Control Centre, Norman Manley, Sangster and Ian Fleming International Airports, as well as, domestic aerodromes, among them Ken Jones, Negril and Tinson Pen.

Over the 2016-17 year, the JCAA engaged the services of the ALG Transportation Infrastructure & Logistics consulting firm to develop a comprehensive Business Plan for CAATI. Among the objectives of the Business Plan were understanding the current civil aviation training market in the Caribbean region, assessing the potential opportunities and threats for CAATI's expansion, and providing strategic recommendations regarding the development of CAATI. A draft report was received and steps were in place to have the Business Plan finalised, at the end of the reporting year.

Notwithstanding, the JCAA continued its strategic thrust to expand the offerings of CAATI, beyond the exclusive focus on local Air Navigation and Air Traffic Services

training. This allowed CAATI to further support wider development training needs in general aviation and administration. Training was, therefore, provided for 13 employees of the Guyana Civil Aviation Authority, 2 Turks and Caicos Islanders (TCI), 30 Norman Manley International Airport (NMIA) staff members, 3 employees of Agrocaelum Limited, several non-ATC and ATC JCAA personnel, as well as other groups in aviation-related organisations.

The table overleaf highlights some of the major training activities, which were conducted by CAATI, over the period April 1, 2016 – March 31, 2017.

CAATI's support of ICAO's International Training Standards & Activities

CAATI's commitment to assisting the standardization of global aviation training to ensure the implementation of best practices for a safe, efficient and reliable global aviation industry resulted in the CAATI Principal being requested by ICAO TRAINAIR PLUS to be a presenter in Colombia and a moderator in Ethiopia at their regional Symposia.

The Standardized Training Package (STP)

created by CAATI for Flight Data Processors Training in 2015, was included in the ICAO TRAINAIR PLUS Library. It was later selected from among hundreds of STPs created by other Member States as the ideal sample or standard to be attained by other creators of STPs, and as a guide to Validators, regarding the approval of STPs.

During the 2016–17 year, the CAATI also embarked on the development of two (2) Standardized Training Packages (STPs) to create courses for Check Pilots and new Aeronautical Information Services (AIS) recruits. The development of the Check Pilot and AIS STPs was, however, delayed as a result of challenges experienced with the retention of key course developers. Progress regarding the development of these STPs is anticipated during the 2017–18 year.

ICAO's TRAINAIR PLUS Programme (TPP) has 92 training organisations and, during

the period under review, the TPP conducted an election to support the appointment of a 14-member TRAINAIR PLUS Steering Committee (TPSC) that will serve for a three-year period. CAATI's Principal was selected as one of the members and the TPSC now comprises the following countries: Singapore, Kenya, France, Netherlands, South Africa, Morocco, Dominican Republic, Egypt, Saudi Arabia, Brazil, Sudan, Mongolia, Jamaica and Nigeria.

Finally, CAATI's successful performance and strategic positioning earned Jamaica the honour of being the first country to host the inaugural ICAO TPP Post-Training Evaluation Course, scheduled for the next planning period.

The CAATI will be utilizing its leverage opportunities in the TPP to further grow aviation in Jamaica and the region.

YEAR	COURSE
2016	AEROTEL Standardized Training Package (STP) February 15 – 19, 2016
2016	Basic Air Traffic Services (BATS) 1: March 14 – 18, 2016
2016	Aerodrome/Approach Procedural (ADC/APP PRO) course: June 6 – September 8, 2016
2016	Aerodrome/Approach Procedural (ADC/APP PRO) course: September 5 – December 9, 2016
2016	Basic Air Traffic Services (BATS) 2: May 16 – 20, 2016
2017	AEROTEL Standardized Training Package (STP) : Jan 23 – 27, 2017
2017	Basic Air Traffic Services (BATS) 3: March 20 – 24, 2017
2017	Basic Air Traffic Services (BATS) 4: March 37 – 31, 2017
2017	Basic Air Traffic Services (BATS) 5: April 3 – 7, 2017
2017	ICAO TRAINAIR PLUS Training Instructor Course (TIC) May 1 – 5, 2017

KEY PERFORMANCE INDICATORS

JCAA Departmental KPIs for the year 2016/2017

Key Results Area - Safe & Secure Aviation Industry			
	Key Performance Indicators	2016/2017 Targets	Achievements 2016/2017
1	Number of planned Inspections:		
	Base Inspections		
	-Operations	14	10
	-Airworthiness (AMOs)	5	10
	Ramp Inspections		
	-Operations	192	156
	-Airworthiness	66	115
	Certificate of Airworthiness Inspections	12	9
	AOC Inspections	35	30
	AMO Inspections	3	1
	ATO Inspections	6	7
	Aerodrome Audits & Inspections - Local	50	28
	FAOC Inspections	4	8
	Proficiency Checks	30	15
	Air Traffic and Aeronautical Information Services Audits and Facility Inspections	34	25
	Search and Rescue Facility Inspections	7	2
2	Hiring of additional inspectors	Not targeted for this FY	N/A
3	Percentage Regulatory Oversight Surveillance of the Aviation Industry	100% Training Plans developed and submitted to HR by end of Q3	Achieved
4	Implement the requirements of the USOAP and USAP Corrective Plans	Support Amendment of Legislation to reduce lack of effective implementation for enforcement Evidence of improvement from 33% to 80% by 3rd Quarter 2016/2017	Achieved. A follow-up audit conducted by the ICAO in its most recent mission (June 2016) indicated an effective implementation of international standards at 82.38%, the highest in the English-speaking Caribbean.

JCAA Departmental KPIs for the year 2016/2017

KRA - Sustainable Economic Growth of Air Transport Industry			2016/2017 Achievements
	Key Performance Indicators	2016/2017 Targets	
1	Airport Charges	Annual approvals granted by September	Regulated Airport Charges adjustment based on US-CPI approved for NMIA and SIA effective January 1, 2016
2	Processing of Permits and Licenses application	95% for Operations over 30 days 98% for Operations under 30 days	41 of 48 or 85% processed in 8 weeks 172 of 182 or 95% processed in 7 days (Applications are sometimes deferred when there is a high demand for permits and other applications have earlier operating dates)
3	Provide technical and economic advice & analyses to Government on Air Services Agreements, air transport liberalisation & competition issues	Keep the Ministry of Transport and Air Policy Committee abreast of developments in the Air Transport Sector. Participate in Technical Sub-Committee of APC for preparations for negotiations for Air Services Agreements	Canadian ASA signed in December 2016
4	Management of Aviation Data	Develop programme to interface with JRCC APIS Billing System by March 2016	Not Achieved
5	Revised Air Service Licenses & Permit Regulation	Draft Regulations Completed by May 2016	Justification for amendment document completed in Quarter 2. Draft Regulation on Liability Insurance and Leasing was completed in Quarter 2. Work continues on the Charter section of the Regulation. The completion of the update to the Regulation has been rescheduled for May 2016.
6	Update of States Environmental Action Plan	Complete State Action Plan Update by June 2016 Facilitation of Phase 1 and/or 2 of the ICAO/UNDP Environment Pilot Project by June 2016	Activities were coordinated for the ICAO/UNDP Environment Project. ICAO's second visit was coordinated where the following were held:- • Bidders Technical meeting & Site Survey • Capacity Building for Airport Teams • Specific Target Group meetings In response to a RFP, proposals were received and the JCAA participated in the evaluation of bidders. Contract is to be awarded in the new FY.
7	Computerised Licence and Permit system for processing, tracking and issuing licences & permits	Complete Implementation of System by December 2016	Not Achieved

JCAA Departmental KPIs for the year 2016/2017

Key Results Area (KRA) - To Maintain a Safe Air Navigation Service

	Key Performance Indicators	2016/2017 Targets	Achievements 2016/2017
1	Target Level of Safety	To maintain and remain above ICAO Target level of Safety of 0.005 accidents per million aircraft movements (5 X 10 ⁻⁹) ATC Incident Target - less than 6 per annum	Not achieved. One accident occurred in the General Aviation sector on November 11, 2016 involving an N101KA aircraft operated by the Caribbean Aviation Training Centre. The accident, which resulted in three fatalities, remains under investigation by the Flight Safety Department.
2	Sign agreements for surveillance data sharing with adjacent FIRs	Radar-sharing with COCESNA	Proposal document was sent to the Ministry of Transport & Mining for preparation of a Cabinet Submission. Shout-down to Curacao is completed and ready to be used. • NMIA - Tower complete and full operationalisation took place on September 24, 2016.
3	Reconfiguration of AIS to AIM	Merge AIS & OEPD Units to support AIM transition Recruit and train new AIS staff Strengthen relationship between MET & ANS Divisions	Following the formation of an AIM Implementation Team in the 2015/16 FY, training commenced in the period under review The RFP Bid Evaluation for AIM implementation was also completed during the year.
4	Implementation of upgraded Automation system	AUTOTRAC replacement and simulator purchased	Not Achieved

JCAA Departmental KPIs for the year 2016/2017

Key Results Area (KRA) - Maintenance of CNS Network

	Key Performance Indicators	2016/2017 Targets	
1	Maintenance of Communications, Navigation Surveillance (CNS) Equipment	99.9% Service Availability	Average availability - 98.97%
2	Establishing a framework for the servicing of CNS Network with strategic partner AEROTEL	Establishment of a new maintenance schedule for improved service in the FY	All targeted inspections completed
3	Upgrade CNS Infrastructure Replace A-G Radios with radios featuring Controller-Pilot Data-Link Communications (CPDLC) feature	<ul style="list-style-type: none"> • Replace SIA Instrument Landing System (ILS) • Upgrade KATCC Voice Switch 	<p>Installation of ILS equipment for the SIA was completed ahead of targeted date. The facility is to be commissioned during the second quarter of the 2017/18 financial year, subject to a successful flight check verification.</p> <p>The installation of the Fibre Optics interface and other equipment for interconnecting the new Voice Communications and Control System (VCCS) and the Air Traffic Control (ATC) Simulator room was completed during the FY.</p>
4	Reducing the cost of electricity at Winchester Road by 15% by last quarter of 2016.	Replace all central A/C with Inverter type units at Accounts, CAATI and KATCC	<p>Several inverter type A/C units were put into service across a number of Departments at the Authority's Winchester Road Head Office. The areas included Accounts, HR, Office Management and Flight Safety. This resulted in as high as 16% decrease in electricity consumption when compared to previous Quarters in the 2015/16 FY.</p> <p>LED lamps were also installed during the year.</p>
5	Utilization of Dark Fiber from cellular companies through the Ministry's rights of passage agreement with the Cellular companies to create an alternative communication underground path to surface communication in the event of a catastrophic disaster	Site implementation at Sangster, Manley, Ayr Hill and Mt Denham - 2016.	<p>Survey conducted at the NMIA Radar site with a view to connecting the radar to the nearest node.</p> <p>A proposal was received from the National Works Agency (NWA) and was subsequently approved. The connectivity is to be implemented in the 2017/18 year.</p>

JCAA Departmental KPIs for the year 2016/2017

Key Results Area (KRA) - To Maintain Financial Self-Sufficiency

Key Performance Indicators	2016/17 Targets	Achievements 2016/2017
1 Growth in Operating Income	6%	13%
2 Percentage collection of current Air Navigation invoices	95%	Average for FY - 97.25%
3 Percentage collection of current PASC invoices	100%	Average for FY - 100.25%
4 Return on Investments	5.70%	Average for FY - 5.80%
5 Timely Dispatch of Invoices	5 Days after month end	Achieved within 5 days after month end
6 Reporting Deadlines:		
MOF: Net Credit Report	Within 1 week of each month end	Within 1 week of each month end
MOF: Monthly Financials	By 2nd Thursday Monthly	Within 3 weeks of each month end
MOF: Statement A	Within 3 weeks of each month end	Within 3 weeks of each month end
MOF: Corporate Plan and Budget	By January 1, yearly	Draft submitted to MTM & MoFP on November 28, 2016
OCG: Qtr Report	Within 2 weeks of Quarter end	Achieved - Within 2 weeks of Quarter end
MTM: Qtr Performance Report	Within 4 weeks of Quarter end	Achieved - Within 4 weeks of Quarter end
Annual Statutory Returns	By March 14, yearly	Achieved
Annual Financials	By June 30	Achieved
7 Automate Purchase Requisition Process	Implemented by April 1, 2016	Not Achieved
8 Utilize the electronic banking system for payment and minimize payments by cheque.	Implemented by April 1, 2016	Testing of system is ongoing
9 Implement Collection Management Information System to enhance administration of Accounts Receivable Portfolio	Implemented April 1, 2016	System implemented; however training is required for efficient use of the system. Training to be conducted over the 2017/18 year.
10 Implement Web-Based Epayment System to facilitate online payment	Implemented July 1, 2016	Not Achieved

KEY PERFORMANCE INDICATORS

JCAA Departmental KPIs for the year 2017/2018

Key Results Area (KRA) - Safe & Secure Aviation Industry		
	Key Performance Indicators	2017/2018 Targets
1	Number of planned Inspections:	
	Base Inspections	
	-Operations	10
	-Airworthiness (AMOs)	6
	Ramp Inspections	
	-Operations	165
	-Airworthiness	78
	Certificate of Air Worthiness Inspections	6
	AOC Inspections	27
	AMO Inspections	3
	ATO Inspections	6
	Aerodrome Audits & Inspections - Local	50
	FAOC Inspections	10
	Proficiency Checks	27
	Air Traffic and Aeronautical Information Services Audits and Facility Inspections	34
	Search and Rescue Facility Inspections	7
2	Hiring of additional inspectors	
3	Percentage Regulatory Oversight Surveillance of the Aviation Industry	100% Training Plans developed and submitted to HR by end of Q3
4	Implement the requirements of the USOAP and USAP Corrective Plans	Support amendment of legislation to increase effective implementation

Key Performance Indicators

JCAA Departmental KPIs for the year 2017/2018

Key Results Area (KRA) - Sustainable Economic Growth of Air Transport Industry

	Key Performance Indicators	2017/2018 Targets
1	Permission to Levy Airport Charges	Annual approvals granted by September
2	Processing of Permits and Licenses application	95% for Operations over 30 days 98% for Operations under 30 days
3	Provide technical and economic advice & analyses to Government on Air Services Agreements, air transport liberalisation & competition issues	Keep the Ministry of Transport and Air Policy Committee abreast of developments in the Air Transport Sector. Participate in Technical Sub-Committee of APC for preparations for negotiations for Air Services Agreements
4	Management of Aviation Data	Collaborate with IT Department to develop a programme to interface with JRCC APIS Billing System
5	Revised Air Service Licenses & Permit Regulation	Technical support provided as required for: - Industry consultations - Review of Draft amendments to the Act and Regulations
6	Update of States Environmental Action Plan	Quarterly progress reports provided to ICAO/UNDP
7	Computerised Licence and Permit processing, tracking and issuing licences & permits	Facilitate consultation with IT and Procurement regarding new system for processing, tracking and issuing licences and permits

JCAA Departmental KPIs for the year 2017/2018

Key Results Area (KRA) - To Maintain a Safe Air Navigation Service

	Key Performance Indicators	2017/2018 Targets
1	Target Level of Safety	To maintain and keep above ICAO Target level of Safety of 0.005 accidents per million aircraft movements (5 X 10 ⁻⁹) ATC Incident Target - less than 6 per annum
2	Sign agreements for surveillance data sharing with adjacent FIRs	Radar sharing with Panama, Barranquilla implemented by end of FY
4	Reconfiguration of AIS to AIM	Merge AIS & OEPD Units (AIM results) Recruit and train new AIS staff DANS, CAATI, OEPD, AIS
5	Implementation of upgraded Automation system	TopSky system fully operationalised by end of Q3 (2017/18)

JCAA Departmental KPIs for the year 2017/2018

Key Results Area (KRA) - Maintenance of CNS Network		
	Key Performance Indicators	2017/2018 Targets
1	Maintenance of Communications & Navigation Surveillance Equipment	99.9% Service Availability
2	Establishing a framework for the servicing of CNS Network with strategic partner AEROTEL	Maintain schedule for delivery of service to stakeholders
3	Upgrade CNS Infrastructure. A-G Radios to be replaced with radios that have CPDLC feature	Radios installed at three (3) sites by the end of December 2017 Quarter 1 - AYR Hill Quarter 2 - Kempshot Quarter 3 - Bamboo, St. Ann
4	Reducing the cost of electricity at Winchester Road by 15% by last quarter 2016/17.	All inefficient Central A/C systems replaced with the energy efficient Inverter Type
5	Utilization of Dark Fiber from cellular companies through the Ministry's rights of passage agreement with the Cellular companies to create an alternative communication underground path to surface communication in the event of a catastrophic disaster	Establish fibre link between the NMIA radar and the KATCC; between AEROTEL PoP and NWA ring; and between SIA and the KATCC via the NWA link along the N/S highway by the end of the FY

JCAA Departmental KPIs for the year 2017/2018

Key Results Area (KRA) - To Maintain Financial Self Sufficiency

To Maintain Financial Self-Sufficiency

	Key Performance Indicators	2017/18 Targets
1	Growth in Operating Income	6%
2	Percentage collection of current Air Navigation invoices	95%
3	Percentage collection of current PASC invoices	100%
4	Return on Investments	5.70%
5	Timely Dispatch of Invoices	5 Days after month end
6	Reporting Deadlines:	
	MOF: Net Credit Report	Within 1 week of each month end
	MOF: Monthly Financials	By 2nd Thursday Monthly
	MOF: Statement A	Within 3 weeks of each month end
	MOF: Corporate Plan and Budget	By January 1, yearly
	OCG: Qtr Report	Within 2 weeks of Quarter end
	MTM: Qtr Performance Report	Within 4 weeks of Quarter end
	Annual Statutory Returns	By March 14, yearly
	Annual Financials	By June 30
7	Automate Purchase Requisition Process	Electronic processing of purchase requisitions implemented by end of Q1 (2017/18)
8	Utilize the electronic banking system for payment and minimize payments by cheque.	Full use of Electronic Banking System for all payments implemented by April 1, 2017
9	Implement Collection Management Information System to enhance administration of Accounts Receivable Portfolio	Training of relevant staff in the use of the Collection Management Information System conducted
10	Implement Web-Based Epayment System to facilitate online payment	Web-based E-Payment System implemented by Q1 (2017/18)

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INDEPENDENT AUDITORS' REPORT

To the Members of
JAMAICA CIVIL AVIATION AUTHORITY

Opinion

We have audited the financial statements of Jamaica Civil Aviation Authority ("the Authority") comprising the separate financial statements of the Authority and the consolidated financial statements of the Authority and its subsidiary ("the Group"), set out on pages 5 to 41 which comprise the Group's and Authority's statement of financial position as at March 31, 2017, the Group's and Authority's 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 Group and the Authority as at March 31, 2017, and of the Group's and Authority's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *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 other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG, a Jamaican partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

R. Tarun Handa
Cynthia L. Lawrence
Rajan Trehan
Norman O. Rainford
Nigel R. Chambers

W. Gihan C. De Mel
Nyssa A. Johnson
Wilbert A. Spence
Rochelle N. Stephenson



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICA CIVIL AVIATION AUTHORITY

Responsibilities of Management and Those Charged with Governance 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 for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group'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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 judgement and maintain professional scepticism 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.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICA CIVIL AVIATION AUTHORITY

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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 in our auditors' 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 auditors' 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 achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICA CIVIL AVIATION AUTHORITY

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

A handwritten signature of the KPMG firm, written in blue ink. The letters 'KPMG' are clearly visible, with a stylized 'G' at the end.

Chartered Accountants
Kingston, Jamaica

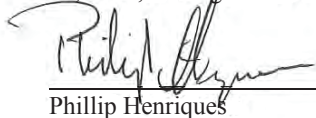
June 29, 2017

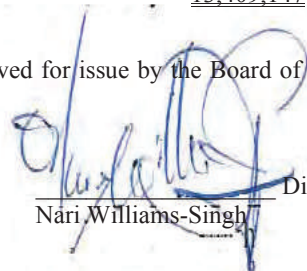
JAMAICA CIVIL AVIATION AUTHORITY

Group Statement of Financial Position
March 31, 2017

	<u>Notes</u>	<u>2017</u> \$'000	<u>2016</u> \$'000
ASSETS			
Current assets			
Cash and cash equivalents		155,734	174,447
Short-term investments	4	7,404,354	6,600,602
Accounts receivable	5	936,656	872,212
Other assets	6	31,368	25,511
Due from related parties	7	981	711
		<u>8,529,093</u>	<u>7,673,483</u>
Non-current assets			
Property, plant and equipment	8	4,785,439	3,297,092
Employee benefits asset	9	-	552,734
Long-term investments	10	94,615	-
		<u>4,880,054</u>	<u>3,849,826</u>
Total assets		<u>13,409,147</u>	<u>11,523,309</u>
LIABILITIES AND RESERVES			
Current liabilities			
Accounts payable	11	939,650	831,710
Taxation payable		19,988	28,314
		<u>959,638</u>	<u>860,024</u>
Non-current liabilities			
Deferred income	12	145,716	158,726
Deferred taxation	13	17,747	26,944
Employee benefits obligation	9	194,699	-
		<u>358,162</u>	<u>185,670</u>
Reserves			
Capital reserve	14	629,340	629,340
Revaluation reserve	15	767,526	697,301
Retained earnings		10,694,481	9,150,974
		<u>12,091,347</u>	<u>10,477,615</u>
Total liabilities and reserves		<u>13,409,147</u>	<u>11,523,309</u>

The financial statements on pages 5 to 41, were approved for issue by the Board of Directors on June 29, 2017, and signed on its behalf by:

 Chairman
Phillip Henriques

 Director General
Nari Williams-Singh

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

JAMAICA CIVIL AVIATION AUTHORITYGroup Statement of Profit or Loss and Other Comprehensive Income
Year ended March 31, 2017

	<u>Notes</u>	<u>2017</u> \$'000	<u>2016</u> \$'000
Revenue			
Air navigation fees		2,146,709	1,921,681
Passenger aviation service charge		2,695,504	2,448,669
Communication fees		281,067	253,094
Other	16(a)	<u>153,739</u>	<u>142,540</u>
		5,277,019	4,765,984
Administrative and operating expenses	16(b)	<u>(3,050,914)</u>	<u>(2,018,516)</u>
Operating surplus		2,226,105	2,747,468
Net finance income	17	<u>517,255</u>	<u>335,078</u>
Surplus before taxation		2,743,360	3,082,546
Taxation	18	<u>(42,019)</u>	<u>(27,596)</u>
Surplus for the year		<u>2,701,341</u>	<u>3,054,950</u>
Other comprehensive income:			
Items that will never be reclassified to profit or loss:			
Gain on revaluation of property, plant and equipment	8(a)	70,225	-
Re-measurement of employee benefits asset	9(f)	<u>(887,700)</u>	<u>111,552</u>
Total comprehensive income for the year		<u>1,883,866</u>	<u>3,166,502</u>

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

JAMAICA CIVIL AVIATION AUTHORITY
Group Statement of Changes in Equity
Year ended March 31, 2017

	Capital reserve \$'000	Revaluation reserves \$'000	Retained earnings \$'000	Total \$'000
Balances at March 31, 2015	<u>629,340</u>	<u>697,301</u>	<u>6,606,326</u>	<u>7,932,967</u>
Total comprehensive income for the year:				
Surplus for the year	-	-	3,054,950	3,054,950
Other comprehensive income:				
Remeasurement of employee benefits asset [note 9(f)]	<u>-</u>	<u>-</u>	<u>111,552</u>	<u>111,552</u>
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>3,166,502</u>	<u>3,166,502</u>
Transactions with owners of the Authority (note 19):				
Normal distribution	-	-	(305,495)	(305,495)
Special distribution	<u>-</u>	<u>-</u>	<u>(316,359)</u>	<u>(316,359)</u>
Total transactions with owners of the Authority	<u>-</u>	<u>-</u>	<u>(621,854)</u>	<u>(621,854)</u>
Balances at March 31, 2016	<u>629,340</u>	<u>697,301</u>	<u>9,150,974</u>	<u>10,477,615</u>
Total comprehensive income for the year:				
Surplus for the year	-	-	2,701,341	2,701,341
Other comprehensive income:				
Gain on revaluation of property, plant and equipment [note 8(a)]	-	70,225	-	70,225
Remeasurement of employee benefits asset [note 9(f)]	<u>-</u>	<u>-</u>	<u>(887,700)</u>	<u>(887,700)</u>
Total comprehensive income for the year	<u>-</u>	<u>70,225</u>	<u>1,813,641</u>	<u>1,883,866</u>
Transactions with owners of the Authority (note 19):				
Normal distribution	<u>-</u>	<u>-</u>	<u>(270,134)</u>	<u>(270,134)</u>
Balances at March 31, 2017	<u>629,340</u>	<u>767,526</u>	<u>10,694,481</u>	<u>12,091,347</u>

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

JAMAICA CIVIL AVIATION AUTHORITY

Group Statement of Cash Flows

Year ended March 31, 2017

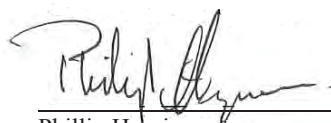
	<u>Notes</u>	<u>2017</u> \$'000	<u>2016</u> \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		2,701,341	3,054,950
Adjustments for:			
Depreciation	8(a)	169,863	249,100
Taxation expense	18	42,019	27,597
Amortization of deferred income	12	(13,010)	(13,010)
Interest income	17	(152,737)	(242,176)
Interest expense	17	-	140,350
Adjustments – property, plant and equipment		-	261
Gain on disposal of property, plant and equipment	16(a)	(1,069)	(735)
Employee benefits		(140,267)	(83,246)
Foreign exchange loss on Government of Jamaica loan	17	-	175,160
		<u>2,606,140</u>	<u>3,308,250</u>
Changes in operating assets and liabilities			
Other assets		(5,857)	(3,527)
Short-term investments		(803,752)	258,851
Accounts receivable		(40,404)	(61,545)
Accounts payable		(46,369)	254,358
Due from related parties		(270)	(83)
Cash generated from operations		1,709,488	3,756,304
Income tax paid		(59,542)	(22,988)
Net cash provided by operating activities		<u>1,649,946</u>	<u>3,733,316</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		128,697	243,624
Investments, net		(94,615)	-
Acquisition of property, plant and equipment	8(a)	(1,588,155)	(531,232)
Proceeds from disposal of property, plant and equipment		<u>1,239</u>	<u>2,271</u>
Net cash used in investing activities		(1,552,834)	(285,337)
CASH FLOWS FROM FINANCING ACTIVITIES			
Government of Jamaica loan repayment, net		-	(3,228,088)
Distribution to Ministry of Finance		(115,825)	(757,449)
Net cash used in financing activities		(115,825)	(3,985,537)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(18,713)	(537,558)
CASH AND CASH EQUIVALENTS AT BEGINNING		<u>174,447</u>	<u>712,005</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>155,734</u>	<u>174,447</u>

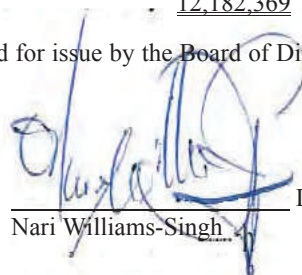
The accompanying notes form an integral part of the financial statements.

JAMAICA CIVIL AVIATION AUTHORITY
**Authority Statement of Financial Position
March 31, 2017**

	<u>Notes</u>	<u>2017</u> \$'000	<u>2016</u> \$'000
ASSETS			
Current assets			
Cash and cash equivalents		82,201	72,504
Short-term investments	4	6,846,640	6,015,310
Accounts receivable	5	816,380	746,409
Other assets	6	18,768	13,204
Due from related parties	7	981	33,210
		<u>7,764,970</u>	<u>6,880,637</u>
Non-current assets			
Property, plant and equipment	8	4,417,399	3,036,288
Employee benefits asset	9	-	501,654
		<u>4,417,399</u>	<u>3,537,942</u>
Total assets		<u>12,182,369</u>	<u>10,418,579</u>
LIABILITIES AND RESERVES			
Current liability			
Accounts payable	11	850,589	745,517
Due to related parties	7	3,045	-
		<u>853,634</u>	<u>745,517</u>
Non-current liabilities			
Deferred income	12	145,716	158,726
Employee benefits obligation	9	188,882	-
		<u>334,598</u>	<u>158,726</u>
Reserves			
Capital reserve	14	629,340	629,340
Revaluation reserve	15	537,149	537,149
Retained earnings		<u>9,827,648</u>	<u>8,347,847</u>
		<u>10,994,137</u>	<u>9,514,336</u>
Total liabilities and reserves		<u>12,182,369</u>	<u>10,418,579</u>

The financial statements on pages 5 to 41, were approved for issue by the Board of Directors on June 29, 2017 and signed on its behalf by:


Phillip Henriques Chairman


Nari Williams-Singh Director General

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

JAMAICA CIVIL AVIATION AUTHORITYAuthority Statement of Profit or Loss and Other Comprehensive Income
Year ended March 31, 2017

	<u>Notes</u>	<u>2017</u> \$'000	<u>2016</u> \$'000
Revenue			
Air Navigation Fees		2,146,709	1,921,681
Passenger Aviation Service Charge		2,501,332	2,274,081
Communication Fees		12,640	11,814
Other	16(a)	<u>110,211</u>	<u>96,399</u>
		4,770,892	4,303,975
Administrative and operating expenses	16(b)	<u>(2,674,892)</u>	<u>(1,821,245)</u>
Operating surplus		2,096,000	2,482,730
Net finance income	17	<u>463,725</u>	<u>298,024</u>
Surplus for the year		2,559,725	2,780,754
Other comprehensive income			
Item that will never be reclassified to profit or loss:			
Remeasurement of employee benefits asset	9(f)	<u>(823,951)</u>	<u>99,485</u>
Total comprehensive income for the year		<u>1,735,774</u>	<u>2,880,239</u>

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

JAMAICA CIVIL AVIATION AUTHORITY
Authority Statement of Changes in Equity
Year ended March 31, 2017

	<u>Capital Reserve</u> \$'000	<u>Revaluation reserves</u> \$'000	<u>Retained earnings</u> \$'000	<u>Total</u> \$'000
Balances at March 31, 2015	<u>629,340</u>	<u>537,149</u>	<u>6,062,042</u>	<u>7,228,531</u>
Total comprehensive income for the year:				
Surplus for the year	-	-	2,780,754	2,780,754
Other comprehensive income:				
Remeasurement of employee benefits asset [note 9(f)]	<u>-</u>	<u>-</u>	<u>99,485</u>	<u>99,485</u>
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>2,880,239</u>	<u>2,880,239</u>
Transactions with owners of the Authority:				
Normal distribution	-	-	(278,075)	(278,075)
Special distribution	<u>-</u>	<u>-</u>	<u>(316,359)</u>	<u>(316,359)</u>
Total transactions with owners of the Authority (note 19)	<u>-</u>	<u>-</u>	<u>(594,434)</u>	<u>(594,434)</u>
Balances at March 31, 2016	<u>629,340</u>	<u>537,149</u>	<u>8,347,847</u>	<u>9,514,336</u>
Total comprehensive income for the year:				
Surplus for the year	-	-	2,559,725	2,559,725
Other comprehensive income:				
Remeasurement of employee benefits asset [note 9(f)]	<u>-</u>	<u>-</u>	<u>(823,951)</u>	<u>(823,951)</u>
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>1,735,774</u>	<u>1,735,774</u>
Transactions with owners of the Authority (note 19):				
Normal distribution	<u>-</u>	<u>-</u>	<u>(255,973)</u>	<u>(255,973)</u>
Balances at March 31, 2017	<u>629,340</u>	<u>537,149</u>	<u>9,827,648</u>	<u>10,994,137</u>

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

JAMAICA CIVIL AVIATION AUTHORITY

Authority Statement of Cash Flows
Year ended March 31, 2017

	<u>Notes</u>	<u>2017</u> \$'000	<u>2016</u> \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		2,559,725	2,780,754
Adjustments for:			
Depreciation	8(b)	156,166	233,743
Amortisation of deferred income	12	(13,010)	(13,010)
Interest income	17	(140,125)	(230,211)
Interest expense	17	-	140,350
Gain on disposal of property, plant and equipment	16(a)	(1,067)	(942)
Employee benefits		(133,415)	(75,858)
Foreign exchange loss on Government of Jamaica loan	17	-	175,160
		<u>2,428,274</u>	<u>3,009,986</u>
Changes in operating assets and liabilities			
Other assets		(5,564)	(3,967)
Short-term investments		(831,330)	327,957
Accounts receivable		(45,930)	(22,156)
Accounts payable		(60,980)	241,195
Due from/(to) related parties		<u>35,274</u>	<u>126,648</u>
Net cash provided by operating activities		<u>1,519,744</u>	<u>3,679,663</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		116,085	231,659
Acquisition of property, plant and equipment	8(b)	(1,537,277)	(509,354)
Proceeds from disposal of property, plant and equipment		<u>1,067</u>	<u>1,436</u>
Net cash used in investing activities		<u>(1,420,125)</u>	<u>(276,259)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
GOJ Loan repayment, net		-	(3,228,088)
Distribution to Ministry of Finance		(89,922)	(741,738)
Net cash used in financing activities		<u>(89,922)</u>	<u>(3,969,826)</u>
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		9,697	(566,422)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		<u>72,504</u>	<u>638,926</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		<u>82,201</u>	<u>72,504</u>

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

JAMAICA CIVIL AVIATION AUTHORITY

Notes to the Financial Statements

March 31, 20171. Identification and principal activities

Jamaica Civil Aviation Authority (the Authority) is a statutory body established by the Jamaica Civil Aviation (Amendment) Act 1995. The Authority is domiciled in Jamaica with registered office at 4 Winchester Avenue, Kingston 10, Jamaica.

The principal activities of the Authority are to regulate flight safety and provide air navigation and aeronautical services in Jamaica, in accordance with standards set by the International Civil Aviation Organization.

The Authority has a wholly-owned subsidiary, Aeronautical Telecommunications Limited, which is incorporated and domiciled in Jamaica. The subsidiary's principal activity is the provision of telecommunication services on behalf of the Government of Jamaica which includes the operation of a radio station "Kool FM". The Authority and its subsidiary are collectively referred to as the "group".

The Authority is exempt from income tax under Section 6(m) of the Civil Aviation Act. The subsidiary, Aeronautical Telecommunications Limited, is a taxable entity.

2. Basis of preparation

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the International Accounting Standards Board and comply with the provisions of the Jamaica Civil Aviation (Amendment) Act.

New standards, interpretations and amendments effective during the year

Certain new, revised and amended standards and interpretations came into effect during the current financial year. The adoption of those standards and amendments to standards, did not have any impact on the amounts and disclosures in the financial statements.

New standards, interpretations and amendments in issue but not yet effective

At the date of authorisation of the financial statements, certain new standards, amendments to standards and interpretations, have been issued which are not yet effective, and which the group has not early-adopted. The group has assessed the relevance of all such new standards, amendments and interpretations and has determined that the following may be relevant to its operations:

- Amendments to IAS 7, *Statement of Cash Flows*, effective for accounting periods beginning on or after January 1, 2017, requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows.

JAMAICA CIVIL AVIATION AUTHORITY

Notes to the Financial Statements (Continued)
March 31, 2017

2. Basis of preparation (cont'd)

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

New standards, interpretations and amendments in issue but not yet effective (cont'd)

- Amendments to IAS 12, *Income Taxes*, effective for accounting periods beginning on or after January 1, 2017, clarify the following:
 - The existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the reporting date, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.
 - A deferred tax asset can be recognised if the future bottom line of the tax return is expected to be a loss, if certain conditions are met.
 - Future taxable profits used to establish whether a deferred tax can be recognised should be the amount calculated before the effect of reversing temporary differences.
 - An entity can assume that it will recover an asset for more than its carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.
 - Deductible temporary differences related to unrealised losses should be assessed on a combined basis for recognition unless a tax law restricts the use of losses to deductions against income of a specific type.
- IFRS 9, *Financial Instruments*, which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) – are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.
- IFRS 15, *Revenue From Contracts With Customers*, effective for accounting periods beginning on or after January 1, 2018, replaces IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*.

JAMAICA CIVIL AVIATION AUTHORITY

Notes to the Financial Statements (Continued)

March 31, 20172. Basis of preparation (cont'd)

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

New standards, interpretations and amendments in issue but not yet effective (cont'd)

- IFRS 15, *Revenue From Contracts With Customers* (cont'd)

It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two entities in the same line of business exchange non-monetary assets to facilitate sales to other parties.

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

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

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

Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases.

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

The group is assessing the impact that the new, revised and amended standards may have on its financial statements in future years when they become effective.

(b) Basis of measurement:

The financial statements are prepared on the historical cost basis, except for the inclusion of certain property, plant and equipment which are presented at market value. Additionally, the defined benefit asset is recognised as the fair value of plan assets less the present value of the defined benefit obligation.

JAMAICA CIVIL AVIATION AUTHORITYNotes to the Financial Statements (Continued)
March 31, 20172. Basis of preparation (cont'd)

(c) Functional and presentation currency:

These financial statements are presented in Jamaica dollars, which is the functional currency of the group. All financial information presented in Jamaica dollars has been rounded to the nearest thousands, except when otherwise indicated.

(d) Use of estimates and judgements:

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, and future periods, if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

(i) Pension and other post-retirement benefits:

The amounts recognised in the statement of financial position and statement of profit or loss and other comprehensive income for pension and other post-retirement benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognised include the discount rate used to determine the present value of estimated future cash flows required to settle the pension obligations.

The discount rate is determined based on the estimate of yield on long-term government securities that have maturity dates approximating the terms of the Authority's obligations; in the absence of such instruments in Jamaica, it has been necessary to estimate the rate by extrapolating from the longest-tenor security on the market. Any changes in these assumptions will impact the amounts recorded in the financial statements for these obligations.

(ii) Allowance for impairment loss:

In determining amounts recorded for impairment losses on receivables in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from receivables, for example, default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired receivables as well as the timing of such cash flows. Historical loss experience is applied where indicators of impairment are observable on individual significant receivables with similar characteristics, such as credit risks.

JAMAICA CIVIL AVIATION AUTHORITY

Notes to the Financial Statements (Continued)
March 31, 2017

2. Basis of preparation (cont'd)

(d) Use of estimates and judgements (cont'd):

(iii) Property, plant and equipment:

The residual value and useful life of property, plant and equipment is reviewed at the reporting date, and if expectations differ from previous estimates, the change is accounted for as a change in accounting estimates. The useful life of an asset is defined in terms of the assets expected utility to the group.

It is reasonably probable, based on existing knowledge, that outcomes in the next financial year that are different from these assumptions could require a material adjustment to the carrying amounts reflected in the financial statements.

3. Significant accounting policies

(a) Basis of consolidation:

The consolidated financial statements include the assets, liabilities and results of operations of the Authority and its subsidiary presented as a single economic entity. Intra-group transactions, balances and unrealised gains or losses on transactions between group entities are eliminated. Unrealised losses are not eliminated, if the transaction provides evidence of impairment of the asset transferred.

A subsidiary is an entity controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its investment with the entity and has the ability to affect those returns through its power over the entity. The subsidiary is consolidated from the date on which control is transferred to the group.

(b) Cash and cash equivalents:

Cash comprises cash on hand and demand deposits. Cash equivalents comprise short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term commitments (these investments include short-term deposits where the maturities do not exceed three months from the acquisition date). Cash and cash equivalents are measured at amortised cost.

(c) Resale agreements:

Resale agreements ("reverse repo") are short-term transactions whereby an entity buys securities and simultaneously agrees to resell them on a specified date and at a specified price. Resale agreements are accounted for as short-term collateralised lending and are measured at amortised cost.

The difference between the purchase and resale considerations is recognised on the accrual basis over the period of the transaction, using the effective interest method, and is included in interest income.

JAMAICA CIVIL AVIATION AUTHORITYNotes to the Financial Statements (Continued)
March 31, 20173. Significant accounting policies (cont'd)

(d) Accounts receivable:

Accounts receivable are measured at amortised cost less impairment losses.

(e) Other assets:

Other assets consist of inventory items and withholding tax and are measured at cost less impairment losses.

(f) Investments:

The group's investments consist of Government of Jamaica securities and are classified as held-to-maturity investments. Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the group has the positive intention and ability to hold to maturity other than those that:

- (i) the group upon initial recognition designates as at fair value through profit or loss;
- (ii) the group designates as available-for-sale; and
- (iii) meet the definition of loans and receivables.

Held-to-maturity investments are measured at amortised cost, using the effective interest method, less impairment losses.

(g) Property, plant and equipment:

(i) Measurement:

Items of property, plant and equipment are measured at cost, except certain classes of assets which are carried at market value, less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of material and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use.

(ii) Subsequent costs:

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 within the part flow to the group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss.

JAMAICA CIVIL AVIATION AUTHORITY

Notes to the Financial Statements (Continued)
March 31, 2017

3. Significant accounting policies (cont'd)

(g) Property, plant and equipment (cont'd):

(iii) Depreciation:

Depreciation is recognised in profit or loss on the straight-line basis at rates estimated to write-down the relevant assets, over their expected useful lives, to their residual values. Land is not depreciated. The rates used are as follows:

Buildings	2%-4%
Equipment, furniture and fixtures	10%-20%
Computer equipment	33⅓%
Motor vehicles	20%
Leasehold improvements	4%
Fencing	4%

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

(h) Employee benefits:

Employee benefits are all forms of consideration given by the group in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, NIS contributions, annual vacation leave, and non-monetary benefits such as medical care; post-employment benefits such as pensions; and other long-term employee benefits such as termination benefits.

Employee benefits that are earned as a result of past or current service are recognised in the following manner: Short-term employee benefits are recognised as a liability, net of payments made, and charged as expense. The expected cost of vacation leave that accumulates is recognised when the employee becomes entitled to the leave.

Employee benefits comprising pension asset included in the financial statements have been actuarially determined by a qualified independent actuary, appointed by management. The appointed actuary's report outlines the scope of the valuation and the actuary's opinion. The actuarial valuations are conducted in accordance with IAS 19, and the financial statements reflect the group pension asset as computed by the actuary. In carrying out their audit, the auditors rely on the work of the actuary and the actuary's report.

The group's net obligation in respect of the defined-benefit pension plan is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that value is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is determined by reference to the yield at the reporting date on long-term Government of Jamaica bonds with dates approximating the terms of the related liability. The calculation is performed by a qualified independent actuary, using the projected unit credit method.

JAMAICA CIVIL AVIATION AUTHORITY

Notes to the Financial Statements (Continued)
March 31, 2017

3. Significant accounting policies (cont'd)

(h) Employee benefits (cont'd):

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The group determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability/(asset), taking into account any changes in the net defined benefit liability/(asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognised in profit or loss.

When the benefits of the plan are changed, or when a plan is curtailed, the resulting change in benefit relating to past service or the gain or loss on curtailment is recognised immediately in profit or loss.

(i) Accounts payable:

Accounts payable are measured at amortised cost.

(j) Borrowings:

Interest-bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost using the effective interest method.

(k) Capital grants:

Grants received for the purchase or construction of property, plant and equipment are initially recognised as deferred income at fair value, and then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

(l) Income tax:

Income tax on profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

(i) Current income tax:

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to income tax payable in respect of previous years.

(ii) Deferred income tax:

Deferred income tax is provided between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

JAMAICA CIVIL AVIATION AUTHORITY

Notes to the Financial Statements (Continued)

March 31, 2017

3. Significant accounting policies (cont'd)

(l) Income tax (cont'd):

(ii) Deferred income tax (cont'd):

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) Related parties:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the “reporting entity” in this case the Authority).

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

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

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

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

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

(n) Revenue recognition:

Fee income is recognised on the accruals basis when the related service is provided or when conditions that give the group the right to those fees are fulfilled.

Interest income is recognised in profit or loss on the accrual basis using the effective interest method.

JAMAICA CIVIL AVIATION AUTHORITYNotes to the Financial Statements (Continued)
March 31, 20173. Significant accounting policies (cont'd)

(o) Expenses:

Expenses are recognised on the accrual basis.

(p) Foreign currencies:

Transactions in foreign currencies are converted at the foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the reporting date. Foreign exchange differences arising on translations are recognised in the profit or loss.

(q) Impairment:

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

(i) Calculation of recoverable amount:

The recoverable amount of the group's held-to-maturity securities and receivables is calculated as the value of the expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

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

(ii) Reversal of impairment:

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

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

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

JAMAICA CIVIL AVIATION AUTHORITY
Notes to the Financial Statements (Continued)
March 31, 2017
4. Short-term investments

	<u>Group</u>		<u>Authority</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	\$'000	\$'000	\$'000	\$'000
Resale agreements	6,464,622	5,842,349	5,906,908	5,325,120
Certificates of deposit	<u>939,732</u>	<u>758,253</u>	<u>939,732</u>	<u>690,190</u>
	<u>7,404,354</u>	<u>6,600,602</u>	<u>6,846,640</u>	<u>6,015,310</u>

The fair value of securities collateralising resale agreements approximates the carrying value of the resale agreements for the group and the Authority.

5. Accounts receivable

	<u>Group</u>		<u>Authority</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	\$'000	\$'000	\$'000	\$'000
Trade	880,727	744,631	723,100	614,571
Less allowance for impairment losses	<u>(168,935)</u>	<u>(155,716)</u>	<u>(113,882)</u>	<u>(109,706)</u>
	711,792	588,915	609,218	504,865
Communication fees	16,548	14,784	16,548	14,784
Staff loans and advances	106,291	112,273	104,595	111,511
Prepayments	72,654	70,055	70,508	68,790
Other receivables	18,629	1,072	4,769	1,072
Fixed asset clearing	10,742	27,795	10,742	27,795
AEDF loan	<u>-</u>	<u>57,318</u>	<u>-</u>	<u>17,592</u>
	<u>936,656</u>	<u>872,212</u>	<u>816,380</u>	<u>746,409</u>

The ageing of trade receivables, at the reporting date, and related allowance for impairment losses were as follows:

Group

	<u>2017</u>		<u>2016</u>	
	<u>Gross</u>	<u>Impairment</u>	<u>Gross</u>	<u>Impairment</u>
	\$'000	\$'000	\$'000	\$'000
Not past due	490,379	-	425,585	-
Past due 31-60 days	143,681	-	120,852	-
Past due more than 60 days	<u>246,667</u>	<u>168,935</u>	<u>198,194</u>	<u>155,716</u>
	<u>880,727</u>	<u>168,935</u>	<u>744,631</u>	<u>155,716</u>

JAMAICA CIVIL AVIATION AUTHORITY

Notes to the Financial Statements (Continued)
March 31, 20175. Accounts receivable (cont'd)**Authority**

	<u>2017</u>		<u>2016</u>	
	<u>Gross</u>	<u>Impairment</u>	<u>Gross</u>	<u>Impairment</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Not past due	442,286	-	380,473	-
Past due 31-60 days	102,483	-	95,062	-
Past due more than 60 days	<u>178,331</u>	<u>113,882</u>	<u>139,036</u>	<u>109,706</u>
	<u>723,100</u>	<u>113,882</u>	<u>614,571</u>	<u>109,706</u>

The movements in the allowance for impairment losses in respect of trade receivable during the year were as follows:

Movement in impairment losses:

	<u>Group</u>		<u>Authority</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Balance at beginning of year	155,716	695,596	109,706	543,160
Impairment during the year	13,219	9,546	4,176	9,546
Provision reversed during the year*	<u>-</u>	<u>(549,426)</u>	<u>-</u>	<u>(443,000)</u>
Balance at end of year	<u>168,935</u>	<u>155,716</u>	<u>113,882</u>	<u>109,706</u>

*This mainly represented the reversal of provisions made in previous years relating to amounts due from Air Jamaica amounting to \$543,000,000 for the group and \$443,000,000 for the Authority.

6. Other assets

	<u>Group</u>		<u>Authority</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Inventories	18,594	12,801	18,594	12,801
Taxation recoverable	<u>12,774</u>	<u>12,710</u>	<u>174</u>	<u>403</u>
	<u>31,368</u>	<u>25,511</u>	<u>18,768</u>	<u>13,204</u>

JAMAICA CIVIL AVIATION AUTHORITY

Notes to the Financial Statements (Continued)

March 31, 2017

 7. Related party balances and transactions

	<u>Group</u>		<u>Authority</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	\$'000	\$'000	\$'000	\$'000
Due (to)/from related parties is as follows:				
Aeronautical Telecommunications Limited	-	-	(3,045)	32,499
Caribbean Aviation Safety and Security Oversight System	<u>981</u>	<u>711</u>	<u>981</u>	<u>711</u>
	<u>981</u>	<u>711</u>	<u>(2,064)</u>	<u>33,210</u>

Transactions with related parties during the year, in the normal course of business, were as follows:

	<u>2017</u>	<u>2016</u>
	\$'000	\$'000
Aeronautical Telecommunications Limited		
Income:		
Technical support revenue	<u>19,571</u>	<u>18,295</u>
Expenses:		
Technical service expense	<u>20,981</u>	<u>10,880</u>

	<u>Group</u>		<u>Authority</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	\$'000	\$'000	\$'000	\$'000
Key management compensation:				
Directors' fees	6,052	1,801	2,970	1,352
Salaries and other short-term benefits	<u>152,182</u>	<u>144,999</u>	<u>96,901</u>	<u>95,351</u>

JAMAICA CIVIL AVIATION AUTHORITY

Notes to the Financial Statements (Continued)
March 31, 20178. Property, plant and equipment

(a) The Group

	Land and Buildings \$'000	Equipment, Furniture and Fixtures \$'000	Motor Vehicles \$'000	Work- in- progress \$'000	Total \$'000
Cost/valuation:					
March 31, 2015	2,380,013	1,393,275	69,787	-	3,843,075
Additions	44,687	69,145	12,920	404,480	531,232
Disposals	-	(649)	(6,694)	-	(7,343)
March 31, 2016	2,424,700	1,461,771	76,013	404,480	4,366,964
Additions	-	138,109	13,796	1,436,250	1,588,155
Revaluation	53,500	(19,902)	-	-	33,598
Disposals	-	(1,158)	(2,458)	-	(3,616)
March 31, 2017	<u>2,478,200</u>	<u>1,578,820</u>	<u>87,351</u>	<u>1,840,730</u>	<u>5,985,101</u>
Depreciation:					
March 31, 2015	208,202	592,766	25,350	-	826,318
Charge for the year	53,130	184,714	11,256	-	249,100
Eliminated on disposals	-	(546)	(5,261)	-	(5,807)
Adjustments	-	-	261	-	261
March 31, 2016	261,332	776,934	31,606	-	1,069,872
Charge for the year	50,587	98,021	21,255	-	169,863
Eliminated on disposals	-	(988)	(2,458)	-	(3,446)
Eliminated on revaluation	(7,855)	(28,772)	-	-	(36,627)
March 31, 2017	<u>304,064</u>	<u>845,195</u>	<u>50,403</u>	<u>-</u>	<u>1,199,662</u>
Net Book values:					
March 31, 2017	<u>2,174,136</u>	<u>733,627</u>	<u>36,946</u>	<u>1,840,730</u>	<u>4,785,439</u>
March 31, 2016	<u>2,163,368</u>	<u>684,837</u>	<u>44,407</u>	<u>404,480</u>	<u>3,297,092</u>

JAMAICA CIVIL AVIATION AUTHORITY
Notes to the Financial Statements (Continued)
March 31, 2017
8. Property, plant and equipment (cont'd)
(b) The Authority

	<u>Land and Buildings</u>	<u>Equipment, Furniture and Fixtures</u>	<u>Motor Vehicles</u>	<u>Work- in- progress</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost/valuation:					
March 31, 2015	2,212,813	1,297,208	42,646	-	3,552,667
Additions	44,687	60,187		404,480	509,354
Disposals	-	(649)	(3,350)	-	(3,999)
March 31, 2016	2,257,500	1,356,746	39,296	404,480	4,058,022
Additions	-	87,231	13,796	1,436,250	1,537,277
Disposals	-	(827)	(2,458)	-	(3,285)
March 31, 2017	<u>2,257,500</u>	<u>1,443,150</u>	<u>50,634</u>	<u>1,840,730</u>	<u>5,592,014</u>
Depreciation:					
March 31, 2015	202,899	573,323	15,274	-	791,496
Charge for the year	50,578	175,239	7,926	-	233,743
Eliminated on disposals	-	(546)	(2,959)	-	(3,505)
March 31, 2016	253,477	748,016	20,241	-	1,021,734
Charge for the year	50,587	97,718	7,861	-	156,166
Eliminated on disposals	-	(827)	(2,458)	-	(3,285)
March 31, 2017	<u>304,064</u>	<u>844,907</u>	<u>25,644</u>	<u>-</u>	<u>1,174,615</u>
Net Book values					
March 31, 2017	<u>1,953,436</u>	<u>598,243</u>	<u>24,990</u>	<u>1,840,730</u>	<u>4,417,399</u>
March 31, 2016	<u>2,004,023</u>	<u>608,730</u>	<u>19,055</u>	<u>404,480</u>	<u>3,036,288</u>

- (i) Land and buildings valued at \$105,924,000, which are owned by the Commissioner of Lands have been vested in the Authority since 1995. These properties, however, have not been registered in the name of the Authority.
- (ii) Certain land, building, computer, equipment, furniture and fixtures were revalued by Delano Reid and Associates on an open market value basis at January 31, 2017. Other equipment, furniture and fixtures were revalued by management as at March 31, 2011, based on professional advice received. The surplus arising on revaluation, inclusive of depreciation no longer required, has been included in revaluation reserve (note 15).
- (iii) Work-in-progress represents the upgrade of the navigational systems and supply and installations of radar, VCCS and Automation System Equipment & Services.

9. Employee benefits obligation /asset

The group operates a defined benefit pension plan that is open to all employees who have satisfied certain minimum service requirements. The plan is managed by Sagicor Life Jamaica Limited under a deposit administration fund contract and by the Trustees.

JAMAICA CIVIL AVIATION AUTHORITY

Notes to the Financial Statements (Continued)
March 31, 20179. Employee benefits obligation / asset (cont'd)

The plan is funded by employees' contribution of 5% with the option to contribute an additional 5% of pensionable salaries and the employer contributes the balance as is required to provide the retirement benefits.

(a) (Liability)/asset recognised in the statement of financial position:

	Group		Authority	
	<u>2017</u> \$'000	<u>2016</u> \$'000	<u>2017</u> \$'000	<u>2016</u> \$'000
Present value of funded obligations	(3,169,024)	(1,664,735)	(2,893,006)	(1,508,458)
Fair value of plan assets	<u>2,974,325</u>	<u>2,388,995</u>	<u>2,704,124</u>	<u>2,154,526</u>
(Deficit)/surplus	(194,699)	724,260	(188,882)	646,068
Unrecognised asset due to asset ceiling	<u>-</u>	<u>(171,526)</u>	<u>-</u>	<u>(144,414)</u>
Amount recognised in statement of financial position	<u>(194,699)</u>	<u>552,734</u>	<u>(188,882)</u>	<u>501,654</u>

(b) Movements in the present value of funded obligations:

	Group		Authority	
	<u>2017</u> \$'000	<u>2016</u> \$'000	<u>2017</u> \$'000	<u>2016</u> \$'000
Balance at beginning of year	(1,664,735)	(1,447,374)	(1,508,458)	(1,315,486)
Benefits paid	62,670	40,062	57,199	34,073
Interest cost	(147,724)	(135,689)	(133,900)	(123,438)
Current service costs	(60,416)	(38,159)	(54,291)	(34,715)
Members contributions	(96,617)	(57,341)	(90,046)	(51,378)
Annuities purchased during the year	(14,937)	(1,039)	(14,937)	(1,039)
Re-measurement loss	<u>(1,247,265)</u>	<u>(25,195)</u>	<u>(1,148,573)</u>	<u>(16,475)</u>
Balance at end of the year	<u>(3,169,024)</u>	<u>(1,664,735)</u>	<u>(2,893,006)</u>	<u>(1,508,458)</u>

(c) Movements in plan assets:

	Group		Authority	
	<u>2017</u> \$'000	<u>2016</u> \$'000	<u>2017</u> \$'000	<u>2016</u> \$'000
Fair value of plan assets at beginning of the year	2,388,995	1,952,927	2,154,526	1,765,530
Members contributions	96,617	57,341	90,046	51,378
Employer contributions - current year	140,301	80,981	132,552	73,765
Interest income on plan assets	231,763	214,491	202,051	172,001
Benefits paid	(62,670)	(40,062)	(57,199)	(34,073)
Annuities purchased during the year	14,937	1,039	14,937	1,039
Remeasurement gain	<u>164,382</u>	<u>122,278</u>	<u>167,211</u>	<u>124,886</u>
	<u>2,974,325</u>	<u>2,388,995</u>	<u>2,704,124</u>	<u>2,154,526</u>

JAMAICA CIVIL AVIATION AUTHORITY

Notes to the Financial Statements (Continued)
March 31, 2017

9. Employee benefits asset (cont'd)

(c) Movements in plan assets (cont'd):

	Group		Authority	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Plan assets consist of the following:				
Equities	734,153	464,869	670,209	421,230
Mortgage and real estate	656,171	524,477	599,019	475,242
Fixed income	336,976	271,982	307,628	246,450
Money market investments	127,275	144,123	116,190	131,488
Foreign currency investments	485,471	404,957	443,187	366,942
Global Markets Fund	185,262	161,919	169,126	146,719
Purchased annuities	194,894	233,333	177,917	201,361
Adjustment	17,045	-	15,713	-
CPI Indexed Fund	237,078	183,335	205,135	165,094
	<u>2,974,325</u>	<u>2,388,995</u>	<u>2,704,124</u>	<u>2,154,526</u>

(d) Movements in the net asset recognised in the statement of financial position:

	Group		Authority	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Balance at beginning of the year	552,735	357,936	501,655	326,311
Employer contributions - current year	140,301	80,981	132,552	73,765
Net income/(expense) recognised in profit or loss and other comprehensive income	(887,735)	113,817	(823,089)	101,578
Balance at end of the year	<u>(194,699)</u>	<u>552,734</u>	<u>(188,882)</u>	<u>501,654</u>

(e) The amounts recognised in profit or loss:

	Group		Authority	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Current service cost	60,416	38,159	54,291	34,715
Interest cost	128,673	119,822	133,901	123,438
Interest income on plan assets	(202,051)	(172,001)	(202,051)	(172,001)
Interest effect of asset ceiling	<u>12,997</u>	<u>11,755</u>	<u>12,997</u>	<u>11,755</u>
	<u>35</u>	<u>(2,265)</u>	<u>(862)</u>	<u>(2,093)</u>

(f) Amounts recognised in other comprehensive income:

	Group		Authority	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Remeasurement loss on obligation	(869,365)	91,582	(815,215)	104,608
Remeasurement gain on assets	1,944,028	(213,019)	1,796,577	(213,019)
Change in effect of asset ceiling	<u>(186,963)</u>	<u>9,885</u>	<u>(157,411)</u>	<u>8,926</u>
	<u>887,700</u>	<u>(111,552)</u>	<u>823,951</u>	<u>(99,485)</u>

JAMAICA CIVIL AVIATION AUTHORITY

Notes to the Financial Statements (Continued)
March 31, 20179. Employee benefits asset (cont'd)

(g) Net (income)/expense in profit or loss and other comprehensive income:

	<u>Group</u>		<u>Authority</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	\$'000	\$'000	\$'000	\$'000
Income recognised in statement of comprehensive income	35	(2,265)	(862)	(2,093)
Income (loss)/recognised in other comprehensive income	<u>887,700</u>	<u>(111,552)</u>	<u>823,951</u>	<u>(99,485)</u>
	<u>887,735</u>	<u>(113,817)</u>	<u>823,089</u>	<u>(101,578)</u>

(h) Actuarial assumptions:

	<u>Group</u>		<u>Authority</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	\$'000	\$'000	\$'000	\$'000
Discount rate	9.50%	9.0%	9.5%	9.0%
Future salary increases	9.50%	5.5%	9.50%	5.5%
Inflation	<u>6.50%</u>	<u>5.5%</u>	<u>6.50%</u>	<u>5.5%</u>

(i) Sensitivity analysis:

	<u>Group</u>		<u>Authority</u>	
	<u>Decreased by</u>	<u>Increased by</u>	<u>Decreased by</u>	<u>Increased by</u>
	1%	1%	1%	1%
Change in defined benefit obligation resulting from a 1% increase/(decrease) in the discount rate	577,526	(447,754)	538,882	(417,154)
Change in defined benefit obligation resulting from a 1% increase/(decrease) in salary	<u>(282,325)</u>	<u>307,790</u>	<u>(266,121)</u>	<u>298,377</u>

10. Long-term investments

This represents US\$ deposits of \$470,404 and \$270,282 with interest rates of 4.2% and 5.25% respectively which matures on March 11, 2020 and January 24, 2024.

JAMAICA CIVIL AVIATION AUTHORITY
Notes to the Financial Statements (Continued)
March 31, 2017
11. Accounts payable

	<u>Group</u>		<u>Authority</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	\$'000	\$'000	\$'000	\$'000
Retention	159,961	158,213	159,961	158,213
Trade	162,003	128,546	135,320	99,880
Statutory contributions	30,576	27,889	30,576	27,889
Accruals	284,021	402,382	259,440	374,592
Distribution to Government of				
Jamaica consolidated fund	260,698	105,496	244,127	78,076
Other	<u>42,391</u>	<u>9,184</u>	<u>21,165</u>	<u>6,867</u>
	<u>939,650</u>	<u>831,710</u>	<u>850,589</u>	<u>745,517</u>

12. Deferred income

	<u>Group and Authority</u>	
	<u>2017</u>	<u>2016</u>
	\$'000	\$'000
Balance at April 1	158,726	171,736
Transfer to profit or loss (note 16)	(13,010)	(13,010)
Balance at March 31	<u>145,716</u>	<u>158,726</u>

This represents amounts received from the Government of Jamaica to facilitate the purchase of air traffic control radars and related equipment, training of air traffic controllers and purchase of building. The grants will be written off by amounts expended on training and depreciation of the assets that were bought through the grants.

13. Deferred taxation

Deferred taxation is attributable to the following temporary differences:

	<u>Group</u>		<u>Authority</u>	
	<u>2017</u>	<u>Recognised in</u>	<u>2016</u>	<u>Recognised in</u>
	\$'000	<u>profit or loss</u>	\$'000	<u>profit or loss</u>
		\$'000		\$'000
Accelerated capital allowance	<u>17,747</u>	<u>(9,120)</u>	<u>26,944</u>	<u>(778)</u>
				<u>27,722</u>

14. Capital reserve

This represents the excess of the value of assets over liabilities transferred from the Government, Civil Aviation Department, to the Authority.

15. Revaluation reserve

This represents surplus arising on the revaluation of certain properties of the group and Authority (see note 8).

JAMAICA CIVIL AVIATION AUTHORITY

Notes to the Financial Statements (Continued)
March 31, 201716. Disclosure of other income and expenses

(a) Other income

	Group		Authority	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	\$'000	\$'000	\$'000	\$'000
Permit application fees	1,969	1,457	1,969	1,457
Licence fees	2,423	2,281	2,423	2,281
Examination fees	390	322	390	322
Equipment rental and maintenance	27,827	27,380	-	-
Miscellaneous income	32,874	29,794	25,478	18,705
Regulatory fees	44,252	41,387	44,252	41,387
Advertising and production sales	27,847	26,174	-	-
Transfer from deferred income (note 12)	13,010	13,010	13,010	13,010
Gain on disposal of property, plant and equipment	1,067	735	1,040	942
Bad debt recovered	2,080	-	2,078	-
Technical support	-	-	19,571	18,295
	<u>153,739</u>	<u>142,540</u>	<u>110,211</u>	<u>96,399</u>

(a) Administration and operating expenses

	Group		Authority	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	\$'000	\$'000	\$'000	\$'000
Audit fees	4,989	3,947	2,897	2,047
Depreciation	169,831	249,100	156,173	233,742
Impairment losses, net	67,853	(522,994)	67,853	(429,001)
Salaries, wages and statutory contributions	1,702,667	1,319,024	1,549,417	1,191,490
Staff welfare	301,165	258,072	299,303	257,411
Utilities	93,867	88,606	73,869	71,015
Repairs and maintenance	91,494	107,495	91,121	106,984
JDF search and rescue	-	539	-	539
Other	<u>619,048</u>	<u>514,727</u>	<u>434,259</u>	<u>387,018</u>
	<u>3,050,914</u>	<u>2,018,516</u>	<u>2,674,892</u>	<u>1,821,245</u>

17. Net finance income

	Group		Authority	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	\$'000	\$'000	\$'000	\$'000
Interest on investments and short-term term investments	152,737	242,176	140,125	230,211
Foreign exchange gains	<u>364,518</u>	<u>408,412</u>	<u>323,600</u>	<u>383,323</u>
	<u>517,255</u>	<u>650,588</u>	<u>463,725</u>	<u>613,534</u>
Finance cost:				
Loan interest	-	(140,350)	-	(140,350)
Foreign exchange losses	-	(175,160)	-	(175,160)
	-	(315,510)	-	(315,510)
Net finance income	<u>517,255</u>	<u>335,078</u>	<u>463,725</u>	<u>298,024</u>

JAMAICA CIVIL AVIATION AUTHORITY

Notes to the Financial Statements (Continued)

March 31, 2017

18. Taxation

- (a) Taxation is based on the profit for the year of the subsidiary, Aeronautical Telecommunication Limited, adjusted for tax purposes and is calculated at 25%.

	Group	
	<u>2017</u>	<u>2016</u>
	\$'000	\$'000
Current taxation	38,630	40,534
Employment Tax Credit	(11,589)	(12,160)
Under provision of prior year tax charge	<u>24,098</u>	<u>-</u>
	51,139	28,374
Deferred taxation (note 13)	<u>(9,120)</u>	<u>(778)</u>
Taxation charge	<u>42,019</u>	<u>27,596</u>

- (b) Reconciliation of effective tax charge:

	Group	
	<u>2017</u>	<u>2016</u>
	\$'000	\$'000
Surplus before taxation	2,743,360	3,082,546
Less exempt income (the Authority)	<u>(2,559,725)</u>	<u>(2,780,754)</u>
	<u>183,635</u>	<u>301,792</u>
Computed "expected" tax charge at 25%	45,909	75,448
Adjusted for the effects of:		
Difference between depreciation and capital allowances	(1,516)	(407)
Expenses not allowed for taxation purposes	2,016	(29,098)
Unrealised foreign exchange gain	(7,779)	(6,187)
Deferred taxation	(9,120)	-
Employment tax credit	<u>(11,589)</u>	<u>(12,160)</u>
	17,921	27,596
Under-provision of prior year tax charge	<u>24,098</u>	<u>-</u>
	<u>42,019</u>	<u>27,596</u>

JAMAICA CIVIL AVIATION AUTHORITYNotes to the Financial Statements (Continued)
March 31, 201719. Distribution to Government of Jamaica

The Government of Jamaica, under The Public Bodies Management and Accountability Act, requires the Authority to contribute 5% – 10% of its audited surplus for the year to the Consolidated Fund, plus a special distribution as the Financial Secretary may determine. During the year, the distributions were as follows:

	<u>Group</u>		<u>Authority</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	\$'000	\$'000	\$'000	\$'000
Normal distribution	270,134	305,495	255,973	278,075
Special distribution	-	316,359	-	316,359
	<u>270,134</u>	<u>621,854</u>	<u>255,973</u>	<u>594,434</u>

20. Financial instruments(a) Financial risk management

A financial instrument is any contract that give rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

The group's exposed to financial risks from it use of financial instruments including:

- credit risk
- market risk (including foreign currency and interest rate risks)
- liquidity risk

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsible for the establishment and oversight of the group's risk management framework. The Board provides principles for overall risk management, as well as policies covering specific areas, such as credit risk, foreign exchange risk, interest rate risk and liquidity risk.

The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the group's financial performance.

The group's risk management activities are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

JAMAICA CIVIL AVIATION AUTHORITY

Notes to the Financial Statements (Continued)
March 31, 2017

20. Financial instruments (cont'd)

(a) Financial risk management (cont'd)

(i) Credit risk:

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers, cash and cash equivalents, short-term investments and investments in debt securities.

The carrying amount of the group's financial assets represents the maximum credit exposure.

Cash and cash equivalents and short-term investments

Cash and cash equivalents and short-term investments are placed with financial institutions that are appropriately licensed and regulated, therefore management believes that the exposure to these institutions is minimal.

Accounts receivable

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management has established a credit policy under which each customer is analysed individually for creditworthiness prior to credit being extended to them.

Customer credit risk is monitored according to their credit characteristics such as whether it is an individual or company, aging profile of the debt, and previous financial difficulties. Trade receivables relate mainly to air navigation fees and passenger aviation service charge.

The group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

Trade receivables over 180 days are provided for based on an estimate of amounts that would be irrecoverable, determined by taking into consideration past default experience, current economic conditions and expected receipts and recoveries once impaired (see further details in note 5).

Investments in debt securities

The group limits its exposure to credit risk by investing only in Government of Jamaica debt securities, which are sovereign debts and therefore the risk of default is considered low.

There is no significant concentration of credit risk in any counterparty and the group's has not changed the way it manages and measures credit risk during the year.

JAMAICA CIVIL AVIATION AUTHORITY

Notes to the Financial Statements (Continued)
March 31, 201720. Financial instruments (cont'd)

(a) Financial risk management (cont'd)

(ii) Market risk

Market risk is the risk that changes in market prices, such as foreign currency rates and interest rates, will affect the group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. There has been no change to the group's exposure to market risk or the manner in which it measures and manages the risk.

- *Foreign currency risk*

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The group is exposed to foreign exchange risk, primarily with respect to the US dollar (US\$).

The group manages its foreign exchange risk by ensuring that the net exposure in foreign currency assets and liabilities is kept to an acceptable level by monitoring currency positions. The group further manages this risk by maximising foreign currency earnings and holding foreign currency balances.

The group's and Authorities exposure to foreign currency risk at the reporting date was as follows:

	Group		Authority	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	US\$'000	US\$'000	US\$'000	US\$'000
Assets:				
Cash and cash equivalents	5,302	5,324	565	334
Short-term investments	45,912	44,445	45,424	43,930
Long-term investment	741	-	-	-
Accounts receivables	<u>6,755</u>	<u>6,008</u>	<u>5,661</u>	<u>5,075</u>
	<u>58,710</u>	<u>55,777</u>	<u>51,650</u>	<u>49,339</u>
Liabilities:				
Accounts payables	<u>584</u>	<u>447</u>	<u>444</u>	<u>229</u>
	<u>584</u>	<u>447</u>	<u>444</u>	<u>229</u>
Net position	<u>58,126</u>	<u>55,330</u>	<u>51,206</u>	<u>49,110</u>

JAMAICA CIVIL AVIATION AUTHORITY

Notes to the Financial Statements (Continued)
March 31, 2017

20. Financial instruments (cont'd)

(a) Financial risk management (cont'd)

(ii) Market risk (cont'd)

Sensitivity analysis

A 1% (2016: 1%) strengthening of the Jamaica dollar against the US\$, at the reporting date, would have decreased surplus for the year by \$65,654,000 (2016: \$67,117,000) for the group and \$74,527,000 (2016: \$59,486,000) for Authority.

A 10% (2016: 10%) weakening of the Jamaica dollar against the US\$, at the reporting date, would have increased surplus for the year by \$393,925,000 (2016: \$671,171,000) for the group and \$447,161,000 (2016: \$594,860,000) for Authority.

The analysis is done on the same basis as for 2016 and assumes that all other variables, in particular interest rate, remain constant.

Exchange rates, in terms of Jamaica dollars, were as follows:

At March 31, 2017:	J\$128.2168: US\$1.00
At March 31, 2016:	J\$121.3033: US\$1.00

- Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the reporting date, the interest profile of the group's and Authority's interest bearing financial instruments was as follows:

	Group		Authority	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	\$'000	\$'000	\$'000	\$'000
Fixed rate financial assets	<u>7,573,062</u>	<u>6,742,920</u>	<u>7,015,348</u>	<u>6,163,269</u>

JAMAICA CIVIL AVIATION AUTHORITY

Notes to the Financial Statements (Continued)
March 31, 2017

20. Financial instruments (cont'd)

(a) Financial risk management (cont'd)

(ii) Market risk (cont'd)

- *Interest rate risk (cont'd)*

Fair value sensitivity analysis for fixed rate instruments

All the group's financial instruments are carried at amortised cost, therefore a change in interest rates, at the reporting date, would not affect their carrying value.

The analysis is done on the same basis as for 2016 and assumes that all other variables, in particular foreign currency rate, remain constant.

(iii) Liquidity risk:

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

Typically the group ensures, through its regular cash flow forecasting, that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot be predicted, such as natural disasters and settlement of significant lawsuits.

The following table presents the undiscounted contractual maturities of financial liabilities, including interest payments, on the basis of their earliest possible contractual maturity.

Group

	2017			Total cash outflow \$'000	Carrying Amount \$'000
	1 to 3 months \$'000	3 to 12 months \$'000	Over 12 months \$'000		
Accounts payable	<u>939,650</u>	<u>-</u>	<u>-</u>	<u>939,650</u>	<u>939,650</u>

JAMAICA CIVIL AVIATION AUTHORITY

Notes to the Financial Statements (Continued)
March 31, 2017

20. Financial instruments (cont'd)
(a) Financial risk management (cont'd)
(iii) Liquidity risk (cont'd):
Group (cont'd)

	2016			Total cash outflow \$'000	Carrying Amount \$'000
	1 to 3 months \$'000	3 to 12 months \$'000	Over 12 months \$'000		
Accounts payable	<u>831,710</u>	<u>-</u>	<u>-</u>	<u>831,710</u>	<u>831,710</u>

Authority

	2017			Total cash outflow \$'000	Carrying Amount \$'000
	1 to 3 months \$'000	3 to 12 months \$'000	Over 12 months \$'000		
Accounts payable	<u>850,589</u>	<u>-</u>	<u>-</u>	<u>850,589</u>	<u>850,589</u>

	2016			Total cash outflow \$'000	Carrying Amount \$'000
	1 to 3 months \$'000	3 to 12 months \$'000	Over 12 months \$'000		
Accounts payable	<u>745,517</u>	<u>-</u>	<u>-</u>	<u>745,517</u>	<u>745,517</u>

(b) Capital management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern and remain financially strong, in order to provide returns for shareholders and benefits for other stakeholders.

The group is not subject to externally imposed capital requirements and there were no changes to the group's approach to capital management during the year.

(c) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. The group does not carry any financial instrument at fair value.

JAMAICA CIVIL AVIATION AUTHORITY

Notes to the Financial Statements (Continued)
March 31, 2017

20. Financial instruments (cont'd)

(c) Fair value (cont'd)

Determination of fair value and fair value hierarchy

IFRS specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. The different levels have been defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Discounted cash flow technique using a discount rate from observable market data, i.e., average of several brokers/dealers market indicative yields in active markets for identical assets or liabilities.

Level 3 – Valuation techniques using significant unobservable inputs.

The carrying value of cash and cash equivalents, short-term investments, accounts receivable and accounts payable is assumed to approximate their fair value due to their short term nature.

21. Contingent liabilities

(i) Legal claims:

The Authority is subject to certain claims and legal proceedings in the normal course of its business. Provision is made for such matters when, in the opinion of management and its legal counsel, it is probable that a payment will be made by the Authority and the amounts can be reasonably estimated.

In respect of claims asserted against the Authority which have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended or will result in exposure that is immaterial to the Authority.

22. Commitments

(a) Lease commitments

The Authority has lease commitments as follows:

- (i) To MJB Airport Limited for the lease of space occupied at Donald Sangster's International Airport for a rent of \$1.00 per annum.
- (ii) To the Airports Authority of Jamaica for the lease of space occupied at Norman Manley International Airport for rent of \$1.00 per annum.

JAMAICA CIVIL AVIATION AUTHORITY

Notes to the Financial Statements (Continued)
March 31, 2017

22. Commitments (cont'd)

(b) Capital commitment

The Authority in its drive to modernize the air navigation services infrastructure, has embarked on an equipment acquisition programme to upgrade the communication navigation surveillance system to include radars. At the reporting date, the Authority had commitment to acquire equipment amounting to US\$117,003. This also includes Air Traffic Management equipment and construction of a new building to house the Air Traffic Controllers and other members of the Air Navigation Services Division, and the replacement of high energy air condition system with inverter type air condition units at the head office.

23. Subsequent event

Effective April 1, 2017 the Jamaica Civil Aviation Authority will receive funding from the Consolidated Fund and as such will be reflected in the Central Government's Estimates of Expenditure in the budget of the Ministry of Transport and Mining.

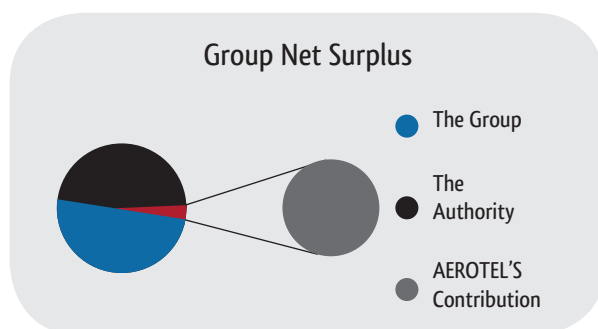
The revenues collected effective April 1, 2017 shall be deposited into a separate revenue bank account to be established by the Accountant General, pending amendment to the relevant laws to allow transfers to the Consolidated Fund. In addition, funds to finance the ongoing operation and implementation activities shall with effect from April 1, 2017 be transferred to the entity through the parent Ministry from warrant funds provided to the Ministry.

JAMAICA CIVIL AVIATION AUTHORITYAdministrative and operating expenses
March 31, 2017

	<u>2017</u>	<u>2016</u>
	\$'000	\$'000
Advertising and promotion	18,910	6,504
Audit and accounting fees	2,897	2,047
Bank charges	25,303	38,036
Books and periodicals	211	12
Brokerage and duty	166	301
Cleaning and sanitation	9,683	9,508
Commission	10,669	9,155
Consultancy fee	36,276	160
Depreciation	156,173	233,742
Directors' fees	2,970	1,352
Donations	16,790	8,913
GCT on Purchases	74,740	30,865
Haulage, transport and hireage	6,777	6,569
Impairment losses	67,853	(429,001)
Insurance	17,087	27,697
JDF Search and Rescue	-	539
Labour Day projects	1,361	5,470
Meetings and seminars	12,202	15,791
Membership fees	18,894	6,266
Miscellaneous	1,796	1,360
Motor vehicles	2,760	2,091
Office	12,269	8,313
Other communication charges	5,043	5,114
Pension	(25,637)	8,207
Printing, stationery and postage	11,901	11,655
Professional fees	16,774	8,523
Rates and licences	4,178	7,400
Rental/lease of Office at Winchester Business Centre	2,560	1,600
Repairs and maintenance	91,122	106,984
Risk management program	-	7,157
Salaries, wages and statutory contributions	1,549,417	1,191,490
Security	39,947	31,440
Staff welfare	299,304	257,411
Subscriptions and publications	7,940	5,537
Technical service expense	20,981	10,880
Travel expenses	58,251	46,861
Tuition and training	20,822	61,988
Utilities	73,869	71,015
Wireless and cable	2,633	2,293
	<u>2,674,892</u>	<u>1,821,245</u>

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

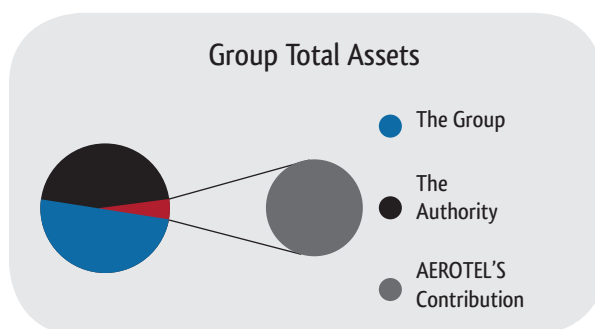
The financial statements incorporate those of The Jamaica Civil Aviation Authority (The Authority) and its subsidiary, Aeronautical Telecommunications Limited (AEROTEL).



The consolidated results indicate a net surplus of J\$2.701 billion, of which AEROTEL contributed J\$141.616 million or 5.24%. 2017's results compares unfavourably to the preceding year's surplus of J\$3.055 billion.

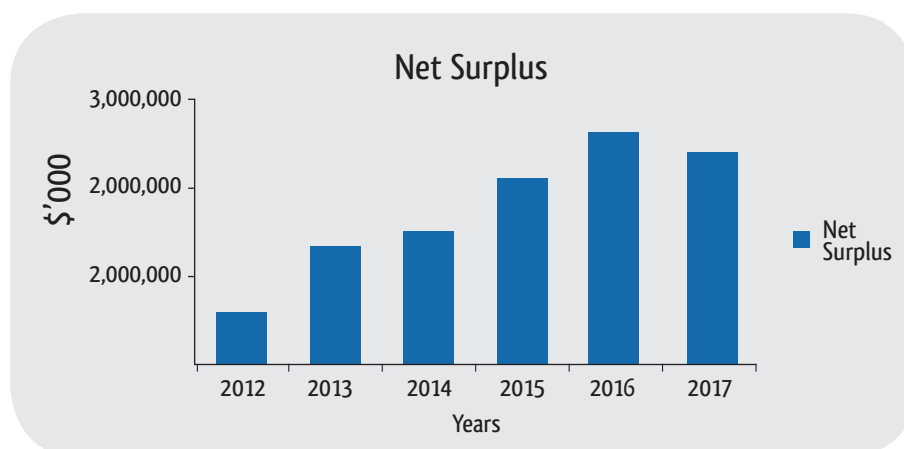
The Group's total assets closed the year at J\$13.409 billion, up J\$1.886 billion (16.36%) from 2016's out-turn of J\$11.523 billion.

The Authority's principal responsibilities are the provision of regulatory oversight and air navigation services on behalf of the Government of Jamaica. The principal activity of the subsidiary is the provision of telecommunications services on behalf of Jamaica Civil Aviation Authority, including



ensuring that the equipment used and owned by the Authority in the provision of aeronautical services, operates effectively and in keeping with prescribed international standards.

For the twelve months ended March 31, 2017, the Authority recorded a net surplus of J\$2.560 billion as compared to J\$2.781 billion for year ended March 31, 2016. The J\$221 million (8%) decrease in net surplus is largely attributable to an increase in salaries for the Air Traffic Controllers. Notwithstanding, there was an up-tick in our fee income, which is tied to the passenger traffic through the country's international airports.



The increase in our fee income was also favorably influenced by foreign exchange translation gains, arising from the depreciation of the Jamaican dollar.

At March 2017, total Passenger Aviation Service Charges (PASC) revenue was recorded at \$2.501 billion, an increase of 10% or \$227.25 million over the \$2.274 billion recorded in 2016. The increase of J\$227.25 million resulted from foreign exchange gains of 68% or J\$155.32 million, with the remaining 32% or J\$71.93 million arising from increased activity in passenger seats, which increased to 5,413,039 from 5,258,759 over the previous year.

Air Navigation Fees grew by 12% or \$225 million, from \$1.922 billion earned 2016 to \$2.147 billion earned for year ended March 31, 2017.

Assets, Reserves and Liabilities

Total assets at year-end were \$12.182 billion, an increase of \$1.764 billion or 17% when compared with the 2016 year-end balance of \$10.419 billion. This was mainly as a result of an increase in property, plant and equipment of \$1.381 billion or 45% to facilitate the modernisation of the Authority's communications, navigation and surveillance systems. Total current assets increased by 13% and include liquid assets of J\$6.929 billion this year, compared to J\$6.088 billion last year.

Total non-current assets recorded a net increase of J\$879 million or 25%. A decrease in employee benefits of J\$690.54 million or 138% resulted from a significant increase in salary costs, that contributed to decline in the value of pension fund's assets.

Reserves increased by J\$1.480 billion or 18% after allowing for normal distribution of J\$255.97 million to the Ministry of Finance for year-end 2017.

Overall, growth is positive and performance good. Return on assets for the year is twenty-one per cent (21%), as compared with 27% for 2016. Liquidity, as measured by the current ratio, is 9 times current liabilities this year, similar to year-end 2016.

All activities of the Authority for the year, both capital and recurrent, were financed from internally generated funds.

Outlook for Next Year

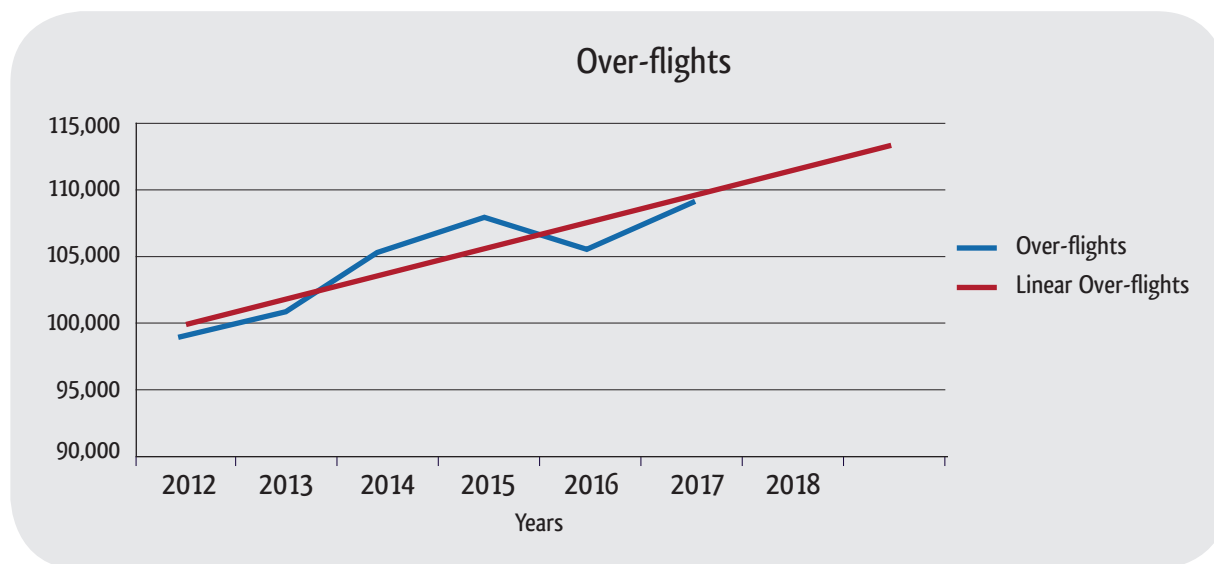
Effective April 1, 2017 the Jamaica Civil Aviation Authority will receive funding from the Consolidated Fund and this will be reflected in the Central Government's Estimates of Expenditure in the budget of the Ministry of Transport and Mining.

Effective April 1, 2017, revenues collected shall be deposited into a separate revenue bank account to be established by the Accountant General, pending amendment to the relevant laws to allow transfers to the Consolidated Fund. In addition, funds to finance the ongoing operation and implementation activities shall, with effect from April 1, 2017, be transferred to the entity through the parent Ministry from warrant funds provided to the Ministry.

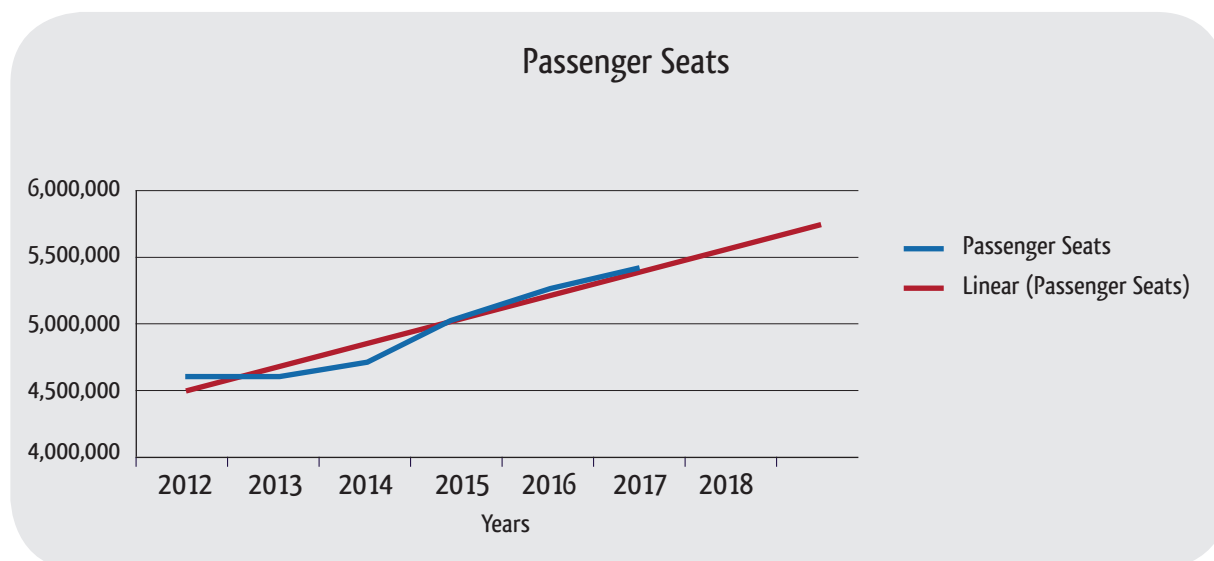
Notwithstanding, the Authority continues to modernise its communications, navigation and surveillance systems with budgeted outlay of J\$6.359 billion extending to year-end 2022. For the year ending March 31, 2018, expenditure is anticipated at J\$1.894 billion.

The earnings prospects for the Authority remain positive, as indications are that its income base should remain relatively stable. Air navigation fee income is expected to grow in line with over-flight activities, which have displayed an average growth rate of about 2.1% over the last five years. The increase in activities for this year resulted from an improvement of our equipment and the

removal of the implementation of flow control procedures at the Kingston Air Traffic Control Centre (KATCC), which occurred in the previous year.



Passenger seats to and from Jamaica were less predictable, as there have been significant peaks and troughs in the data over the last five years. These fluctuations, however, have all occurred above the 4.6 million passenger seats level and rose to 5.4 million at year-end March 2017. The trend indicates that activity should remain at a level just above 5.4 million passenger seats.



At this level, earnings from PASC, coupled with that anticipated for air navigation fees, will be able to sustain the operation of the Authority for the next year.

BOARD OF DIRECTORS' COMPENSATION 2016-2017

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 (\$)
Chairman – Board of Directors	318,200.00	nil	nil	22,475.40	340,675.40
Deputy Chairman – Board of Directors	340,550.00	nil	nil	26,724.20	367,274.20
Chairman – Finance Committee	374,250.00	nil	nil	21,742.20	395,992.20
Chairman – Procurement Committee, (current)	202,500.00	nil	nil	16,111.60	218,611.60
Chairman – Human Resource Committee	261,600.00	nil	nil	nil	261,600.00
Chairman – Audit & Risk Committee	353,700.00	nil	nil	82,908.00	436,608.00
Director	170,750.00	nil	nil	6,980.00	177,730.00
Director	209,500.00	nil	nil	36,160.00	245,660.00
Director	231,900.00	nil	nil	nil	231,900.00
Director	187,200.00	nil	nil	20,031.40	207,231.40
Director	198,600.00	nil	nil	nil	198,600.00

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 (mileage) (\$)	Total (\$)
Former Chairman – Board of Directors – April 2016	18,500.00	nil	nil	nil	18,500.00
Former Deputy Chairman – Board of Directors, April 2016	11,000.00	nil	nil	nil	11,000.00
Former Chairman – Finance Committee, April 2016	20,250.00	nil	nil	nil	20,250.00
Former Chairman – Procurement Committee, April 2016	11,000.00	nil	nil	2,460.00	13,460.00
Former Chairman – Technical Committee, April 2016	11,000.00	nil	nil	3,120.00	14,120.00
Former Director – April 2016	11,000.00	nil	nil	288.00	11,288.00
Former Director – April 2016	11,000.00	nil	nil	nil	11,000.00
Former Director – April 2016	11,000.00	nil	nil	nil	11,000.00
Former Director – April 2016	16,550.00	nil	nil	1,360.00	17,910.00
TOTAL		nil	nil	240,360.80	

SENIOR EXECUTIVES' COMPENSATION (2016/2017)

Position of Senior Executive	Year	Salary (\$)	Cash Allowances (\$)	Travelling Allowance or Value of Assignment of Motor Vehicle (\$)	Pension or Other Retirement Benefits (\$)	NIS Contributions (\$)	Non-Cash Benefits (\$)	Total (\$)
Director General	2016/2017	11,104,037.00	73,830.00	120,000.00	1,110,404.00	37,500.00	nil	12,445,771.00
Deputy Director General Regulatory Affairs	2016/2017	9,321,876.00	73,830.00	120,000.00	932,188.00	37,500.00	nil	10,485,394.00
Deputy Director General Corporate Services	2016/2017	9,559,416.00	73,830.00	120,000.00	955,942.00	37,500.00	nil	10,746,688.00
Deputy Director General Air Navigation Services	2016/2017	9,203,100.00	294,506.00	120,000.00	920,310.00	37,500.00	nil	10,575,416.00
Director, Planning Research & Risk Management	2016/2017	6,648,238.00	1,415,454.00	nil	664,824.00	37,500.00	nil	8,766,016.00
Director, Economic Regulation	2016/2017	6,134,638.00	1,415,454.00	nil	613,464.00	37,500.00	nil	8,201,056.00
Director, Flight Safety	2016/2017	7,937,588.00	1,415,454.00	nil	793,759.00	37,500.00	nil	10,184,301.00
Director, Human Resource	2016/2017	6,134,638.00	1,415,454.00	nil	613,464.00	37,500.00	nil	8,201,056.00
Director, Finance	2016/2017	5,963,438.00	1,415,454.00	nil	596,344.00	37,500.00	nil	8,012,736.00
General Counsel	2016/2017	6,819,438.00	1,743,289.00	nil	681,944.00	37,500.00	nil	9,282,171.00
TOTAL		78,826,407.00	9,336,555.00	480,000.00	7,882,641.00	375,000.00	nil	96,900,603.00

GLOSSARY OF ACRONYMS

AD/ARO	AIS Aerodrome Reporting Office
ADAP	Aviation Data Analysis Panel
ADS-B	Automatic Dependent Surveillance Broadcast
AEROTEL	Aeronautical Telecommunications Ltd.
A-G	Air-to-Ground
AGA	Aerodromes & Ground Aid
AIDC	ATS Interfacility Data Communication Implementation
AIG	Aircraft Accident & Incident Investigation
AIM	Aeronautical Information Management
AIS	Aeronautical Information Services
AIXM	Aeronautical Information Exchange Model
AMHS	Air Traffic Management Message Handling System
AMOs	Approved Maintenance Organisations
ANS	Air Navigation Services
ANSP	Air Navigation Services Provider
AOC	Air Operators Certificate
APV	Approach Procedures with Vertical Guidance
ASBU	Aviation System Block Upgrade
ATCs	Air Traffic Centres/ Air Traffic Controllers
ATFM	Air Traffic Flow Management
ATM	Air Traffic Management
ATOs	Approved Training Organisations
ATS	Air Traffic Services/ Air Traffic Systems
AVSEC	Aviation Security
AW	Air Worthiness
BASA	Bilateral Air Service Agreement
BITU	Bustamante Industrial Trade Union
Baro-VNAV	Barometric Vertical Navigation
CAATI	Civil Aviation Authority Training Institute
CAR/SAM	Caribbean & South American (region)
CASSOS	Caribbean Aviation Safety & Security Oversight System

CAP	Corrective Action Plan
CAR	Caribbean
CCIS	Corporate Communications & Information Services (Department)
CDO	Continuous Descent Operations
CNS	Communications, Navigation & Surveillance
COTS	Commercial-Off-The-Shelf
CPDLC	Controller Pilot Data Link Communication
CPL/LAM	Current Flight Plan/Logical Acknowledgement Message
DANS	Director, Air Navigation Services
DDGANS	Deputy Director General, Air Navigation Services
DNOTAM	Digital Notices to Airmen
EAIPs	Electronic Aeronautical Information Publications
EECP	Energy Efficiency Conservation Programme
FAA	Federal Aviation Authority
FAL	Facilitation
FAOC	Foreign Air Operator Certificate
FAT	Factory Acceptance Test
FDP	Flight Data Processor
FIR	Flight Information Region
FSD	Flight Safety Department
FSN	Flight Safety Notification
FY	Financial Year
GANP	Global Air Navigation Plan
GASP	Global Aviation Safety Plan
GDP	Gross Domestic Product
GOJ	Government Of Jamaica
HQ/NOT	AIS Headquarters NOTAM Office
HVAC	Heating Ventilation & Air Conditioning Unit
IATA	International Air Transport Association
ICAO	International Civil Aviation Organisation
ICAO USAP-CMA	ICAO Universal Safety Audit Programme-Continuous Monitoring Approach
IFSET	ICAO Fuel Saving Estimating Tool
ILS	Instrument Landing System
IP	Internet Protocol

IR	Industrial Relations
IWAF	ICAO World Aviation Forum
JAIA	Jamaica Aviation Inspectors Association
JATCA	Jamaica Air Traffic Controllers Association
JCAA	Jamaica Civil Aviation Authority
JCAR	Jamaica Civil Aviation Regulations
KATCC	Kingston Air Traffic Control Centre
KFIR	Kingston Flight Information Region
KRA	Key Results Area
MAJ	Maritime Authority of Jamaica
NAM/CAR	North American/Caribbean
MANSA	Management Staff Association
MASA	Multinational Air Services Agreement
MIND	Management Institute for National Development
MOU	Memorandum Of Understanding
MRO	Mass Rescue Operation
NACC	North American, Central American & Caribbean Region
NMIA	Norman Manley International Airport
NOCC	Network Operations & Control Centre
NOTAM	Notice to Airmen
NTSB	National Transportation Safety Board (U.S.)
ODPEM	Office of Disaster Preparedness & Emergency Management
OEPD	Obstacle Evaluation & Procedure Development
OJT	On-The-Job-Training
OLF	Online Framework
OPS	Operations
PASC	Passenger Aviation Safety Charge
PBMA	Public Bodies Management and Accountability Act
PBN	Performance Based Navigation
PEL	Personnel Equipment Licensing
PMS	Performance Management System
QAM	Quality Assurance Manual
QMS	Quality Management System
RNAV	Area Navigation Approaches

RPAS	Remotely Piloted Aircraft Systems
RSOO	Regional Safety Oversight Organisation
SARPs	Standards & Recommended Practices
SD	System Design
SDR	System Design Review
SIA	Sangster International Airport
SMS	Safety Management System
SNMP	Simple Network Management Protocol
SWIM	System Wide Information Management
TCB	Technical Cooperation Bureau
TDC	Training Developers Course
TIC	Training Instructors Course
TPLS	Training & Personnel Licensing Manual
UASs	Unmanned Aircraft Systems
UAVs	Unmanned Aerial Vehicles
UNFCC	United Nations Framework Convention on Climate Change
USAP	Universal Safety Audit Programme
USM	Unit Specific Manual
USOAP	Universal Safety Oversight Audit Programme
VCCS	Voice Communication & Control System
VOIP	Voice Over Internet Protocol
VOR	Very High Frequency Omnidirectional Range
VSAT	Very Small Aperture Terminal



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