



**NROCC**

**NATIONAL ROAD OPERATING  
& CONSTRUCTING COMPANY LTD**

**ANNUAL  
REPORT  
2005 - 2006**



## Mission Statement

To oversee the financing, planning, building and maintenance of a safe and efficient network of toll highways and support roads of the highest quality, to serve Jamaica.

## Vision Statement

To establish a safe, efficient network of toll highways, to stimulate economic expansion and development in Jamaica.

## Strategic Objectives

- Road user safety
- Environmental balance
- Customer Service
- Accelerating development through infrastructure
- Organizational development and efficiency improvements

## Values

We commit to always:

- Practice open/honest communication
- Show mutual trust and respect to all stakeholders
- Continuous improvement towards being an excellent organization
- Promote the development of our staff
- Contribute towards the development of the nation



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## Report of the Directors

Your Directors submit to you the members the Annual Report together with the Audited Financials for the year ended March 2006.

### **Financial Statements**

For the year the company had no Revenues. It also had Finance Income of \$1,012 M. After deducting Inflation Compensation on the Real Return Bonds, Finance Costs and Administrative expenses it made a net loss of \$1,150 M after taxes.

Details of the results are shown on Page 1 of the financials.

### **Dividends**

As a consequence of the foregoing losses no dividends can be paid at this time

### **Directors**

The names of the Directors are shown in the report. None of them are due for retiring.

### **Auditors**

PwC have expressed their willingness to continue as Auditors of the company and a resolution will be proposed authorizing the Directors to fix their remuneration.



## **MANAGING DIRECTOR'S STATEMENT**

The 2005/2006 Financial year was another progressive one for the National Road Operating and Constructing Company (NROCC) as it continues to carry out its responsibilities of overseeing and monitoring the operating and construction activities along Highway 2000.

Some of the major successes during the period include the completion of work on the Dyke Road between the Portmore Interchange and the southern end of Waterford with the road being operational since June 2005. The Portmore Causeway works are progressing as per schedule with projected completion set for July 2006.

The average daily traffic volume continues to increase steadily. Since the opening of the second segment of Highway 2000 in December 2004 the average daily usage of the highway has moved from eleven thousand to twenty thousand vehicles.

The major causes of accidents over the period were attributable to bad driving, mechanical defects and speeding.

On 2006 March 13, Jose Cartellone Constucciones Civiles (Contractor) for Segment 2A of the Northern Coastal Highway Improvement Project (Montego Bay to Greenside in Trelawny) began work on the project. NROCC represented by the Project Coordinating Engineer has been selected as the Employer's Representative for the construction contract and Stanley Consultants Inc. (SCI) represented on site by the Technical Manager, has been contracted to be the Employer's Representative's Assistant.

NROCC in conjunction with Transjamaican Highway Limited and the National Works Agency completed an analysis of the North South Link. A recommendation was sent to the Prime Minister for Spanish Town to Ocho Rios to be significantly upgraded and sections of it be tolled. The design and construction period is expected to be three (3) years after the Government has signed an agreement with the Developer.

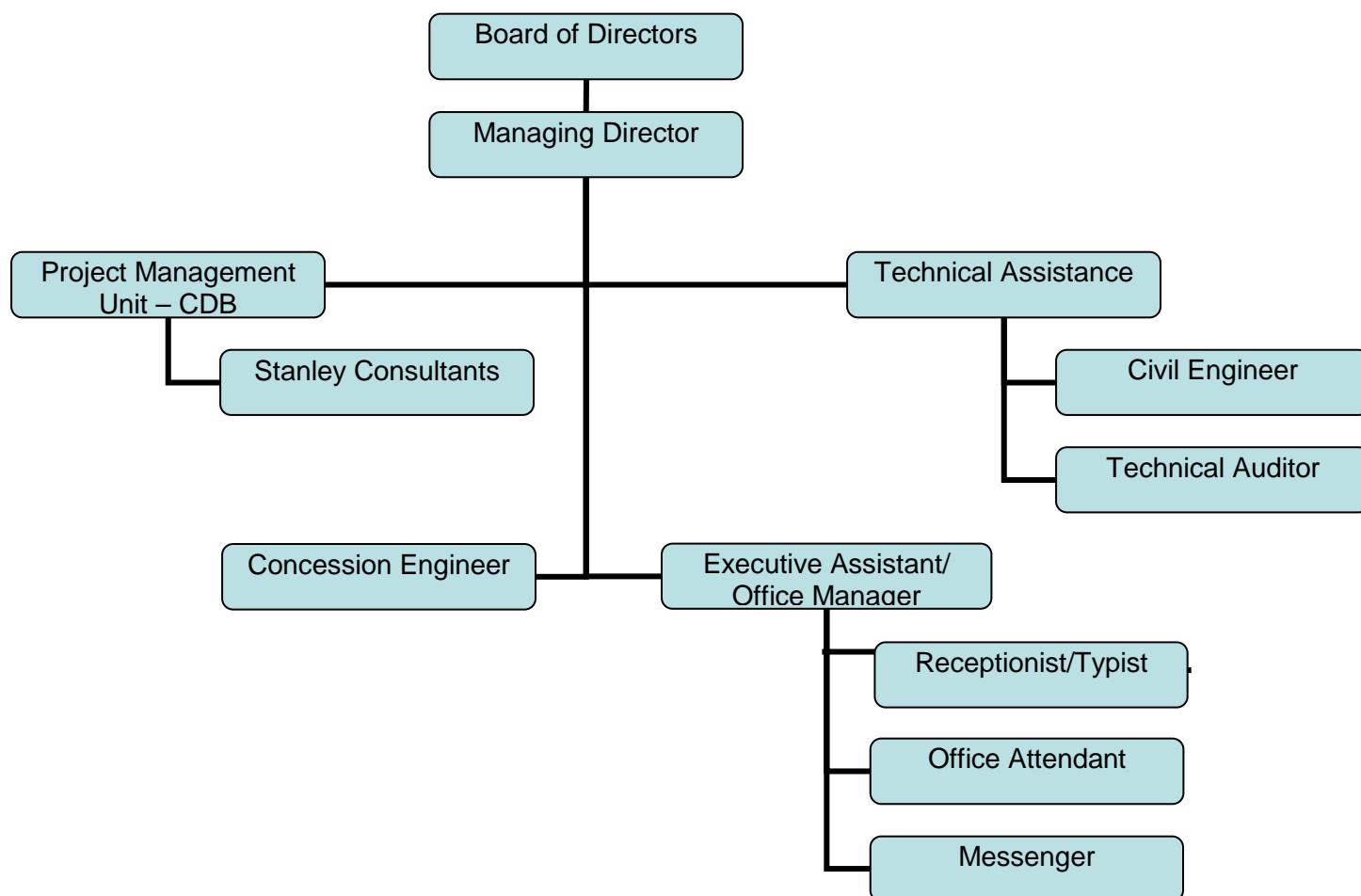
The audited accounts for the financial year 2004–2005 were completed and submission made to the relevant parties in accordance with NROCC's obligations.

**Wayne Reid**  
Managing Director

## BOARD OF DIRECTORS

2005- 2006
<b>WAYNE REID</b> Managing Director NROCC
<b>DEVON ROWE</b> Deputy Financial Secretary Ministry of Finance and Planning
<b>IVAN ANDERSON</b> Chief Executive Officer National Works Agency
<b>BARBARA SCOTT</b> Manager – Project Development Planning Institute of Jamaica
<b>KINGSLEY THOMAS</b> Chairman Managing Director Development Bank of Jamaica
<b>CALVIN GRAY</b> Director
<b>WAYNE WHITTINGHAM</b> Corporate Secretary NROCC/Development Bank of Jamaica

## ORGANIZATIONAL CHART 2006





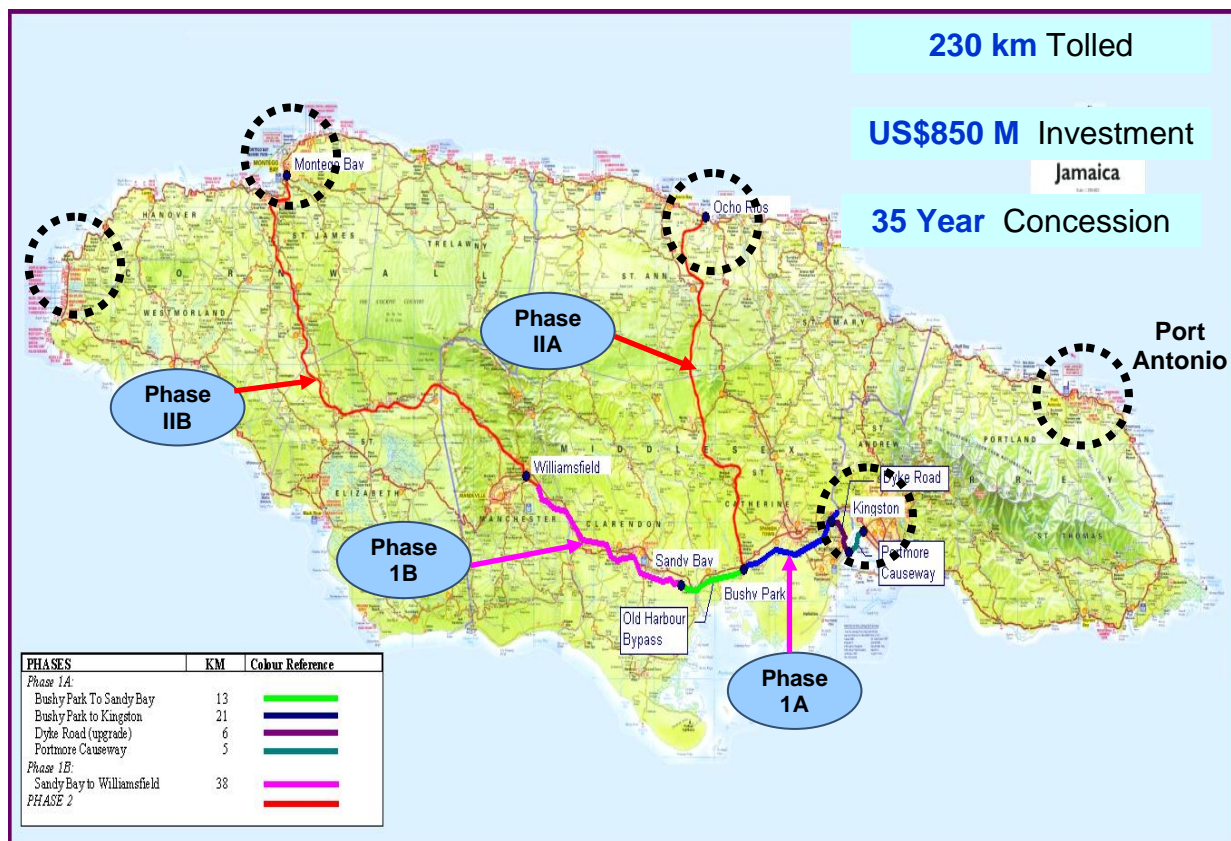
## HIGHWAY 2000 PROJECT BACKGROUND

Highway 2000 is a multi-laned tolled highway from Kingston to Montego Bay and a spur from Bushy Park to Ocho Rios. The total length of the project is approximately 230 Km with a design speed of 110 k.p.h in the flat and undulating areas and 90 k.p.h in the hilly areas. The project has been divided into two phases: Phase 1 - Kingston to Williamsfield and Phase 2 Williamsfield to Montego Bay, and Bushy Park to Ocho Rios.

The first phase is approximately 83 km including the Portmore Causeway and the Dyke Road. It is the subject of a Concession Agreement between Transjamaican Highway Ltd. (TJH) a subsidiary of Bouygues Travaux Public of France and National Road Operating and Constructing Company Ltd., a Government-owned company.

This Agreement was signed in November 2001 and requires Transjamaican Highway, the Developer, to finance, design, build, operate and maintain Phase 1 for a period of thirty-five (35) years. The project cost is US\$390 million based on January 1, 2001 pricings and is subject to movement based on the United States Consumer Price Index

### PROJECT PHASES







## **HIGHWAY 2000 PROJECT PHASES**

**Phase 1A** of the Project covers 46 km as follows:

- modifications to the Old Harbour Bypass (OHB) between Bushy Park and Sandy Bay 13km this included the dualisation of the OHB and the reconstruction of the Old Harbour Interchange northern ramps (Completed February 2004).
- construction of a divided 2x2 carriageway toll road between Kingston and Bushy Park (21km) with toll plazas located on the Spanish Town Interchange eastbound ramps (Kingston to Bushy Park Completed December 2004).
- The widening into a 2x3 lane carriageway of the Portmore Causeway (5 km) and rehabilitation of the Dyke Road (6 km i.e. the link to the alternate route) and the construction of a main toll plaza to the west of the Hunt's Bay Bridge (to be completed July 2006).

**Phase 1B** of the Project includes constructing a new road section that will link Sandy Bay to Williamsfield consisting of an additional extension of 38 km of four-lane greenfield highway as well as two toll booth facilities.

### **Phase 2A North-South Link**

The North South Link, Spanish Town to Ocho Rios, is comprised of the following sections: Spanish Town to Linstead, Linstead to Moneague – Mt. Rosser Bypass and Moneague to Ocho Rios

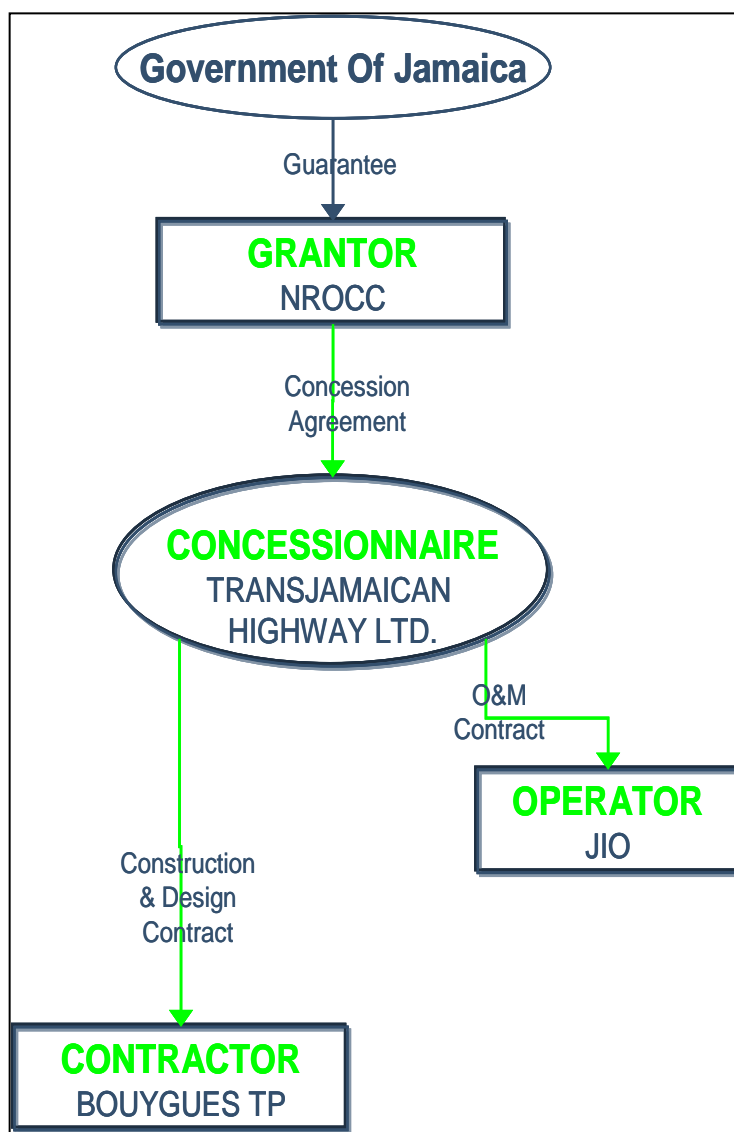
### **Phase 2B Williams Field to Montego Bay**

This section of the highway will complete the East-West link joining Williams Field in Manchester to Montego Bay in St. James. When this 85 Km section is completed, motorists will be able to travel from Kingston to Montego Bay

## HIGHWAY 2000 PROJECT STAKEHOLDERS

The Highway 2000 Project is a public-private partnership which will see the construction of Jamaica's first Toll Road. The partnership is structured to maximize operational efficiency while minimizing cost. A public-private partnership is an effective means of increasing public infrastructure capacity by mobilizing financial and other resources from the private sector. The Project partnership is designed as a build-finance-operate and transfer (BFOT) wherein the private sector partner will find the necessary financing to construct and operate the facility for 35-years at the end of which it will be turned over to the GoJ.

The organizational arrangement for this partnership is: -



## **National Road Operating and Constructing Company Limited (NROCC)**

The National Road Operating and Constructing Company Limited (NROCC) is a 100% Government owned special purpose limited liability company, established to act as the Grantor in implementing the Project. It is the entity in control of the development, interfacing with the Developer and Concessionaire. At the expiration of the 35-year Concession the Highway will revert to NROCC.

The principal business of NROCC is the granting of the Concession including the arrangement of the Grantor Procured Debt (GPD), Sub-Debt, land acquisition and utility relocation to facilitate the project.

## **TransJamaican Highway Limited (TJH)**

TJH is the Concessionaire, and is responsible for the design, finance, construction, operation and maintenance of the Highway. TJH's principal sponsors are Bouygues (66% ownership) and ASF (Autoroutes du Sud de la France) (34% ownership). Both the principal sponsors are publicly traded companies on the Paris Stock Exchange.

## **Autoroute du Sud de la France (ASF – 34%)**

ASF and its subsidiaries are the leading French company for the financing, construction and operation of toll highways and the third largest such company in the world. ASF is currently engaged in the financing, construction and operation of the largest state concession motorway in France.

ASF has 8,255 employees worldwide in 2004 and in 2002 had revenues of 3.3 Billion.

## **Bouygues Travaux Publics (Jamaican Branch)**

Bouygues Travaux Publics is a subsidiary of Bouygues Construction, which is a part of the Bouygues Group and is a world leader in the Civil Works industry. It operates worldwide with a presence in more than 70 countries and achieved a turnover of €31.9 billion Euros in 2004 and employs over 120,000 people worldwide.

Bouygues Group, engages in a wide cross section of projects from the Building industry to mobile phone networks. Bouygues Construction is in the business of building and operating complex projects with a strong value added component.



## **Jamaican Infrastructure Operator (JIO)**

JIO was incorporated in November 2001. ASF and Bouygues TP own respectively 51% and 49% of the company.

The Operator provides all services necessary for the Project Company to be compliant with its obligations relating to operation and maintenance.

The Operator performs its obligations under the terms of the Concession Agreement, the Operations and Maintenance (O&M) Contract, ISO 9001:2000 standards and good engineering practice.



## **HIGHWAY 2000 PROJECT HIGHLIGHTS**

### **Construction**

Construction has been completed on 33Km of the 44Km in Phase 1A and is in progress on the remainder - the Portmore Causeway and the Dyke Road. Work on the Dyke Road between the Portmore Interchange and the southern end of Waterford has been completed and the road has been operational since June 2005.

The Portmore Causeway works are in progress and are scheduled to be completed in July 2006. That section of the road will then become operational and Phase 1A will be completed. There have been two court cases regarding the legality of the toll road and the alternate route. In both instances, the Courts have ruled that the Toll Road is legal and the alternate route provided satisfied the Toll Road Regulations. No toll has been set for the Portmore Causeway to date, as the Developer has not yet made an application. In discussions with NROCC, the Developer has proposed a 10% discount for users with electronic tags. However, this has not been formalized with an official application.

The volume of traffic to date is summarized below:

<b>Month</b>	<b>Average Per Day</b>	<b>Peak Daily Traffic</b>
March 2006	17545	20050
February 2006	18120	23671
January 2006	18194	21294
December 2005	20042	25092
November 2005	18238	24455
October 2005	14344	27204
September 2005	16248	19619
August 2005	17574	19573
July 2005	16576	22882
June 2005	16669	19463
May 2005	15844	19331
April 2005	16065	19360
March 2005	16521	21378
February 2005	15,803	18,795
January 2005	15,619	18,314
December 2004	16,354	22,067
November 2004	11,281	12,761
October 2004	10,964	12,187
September 2004	9,285	12,750
August 2004	12,155	16,390



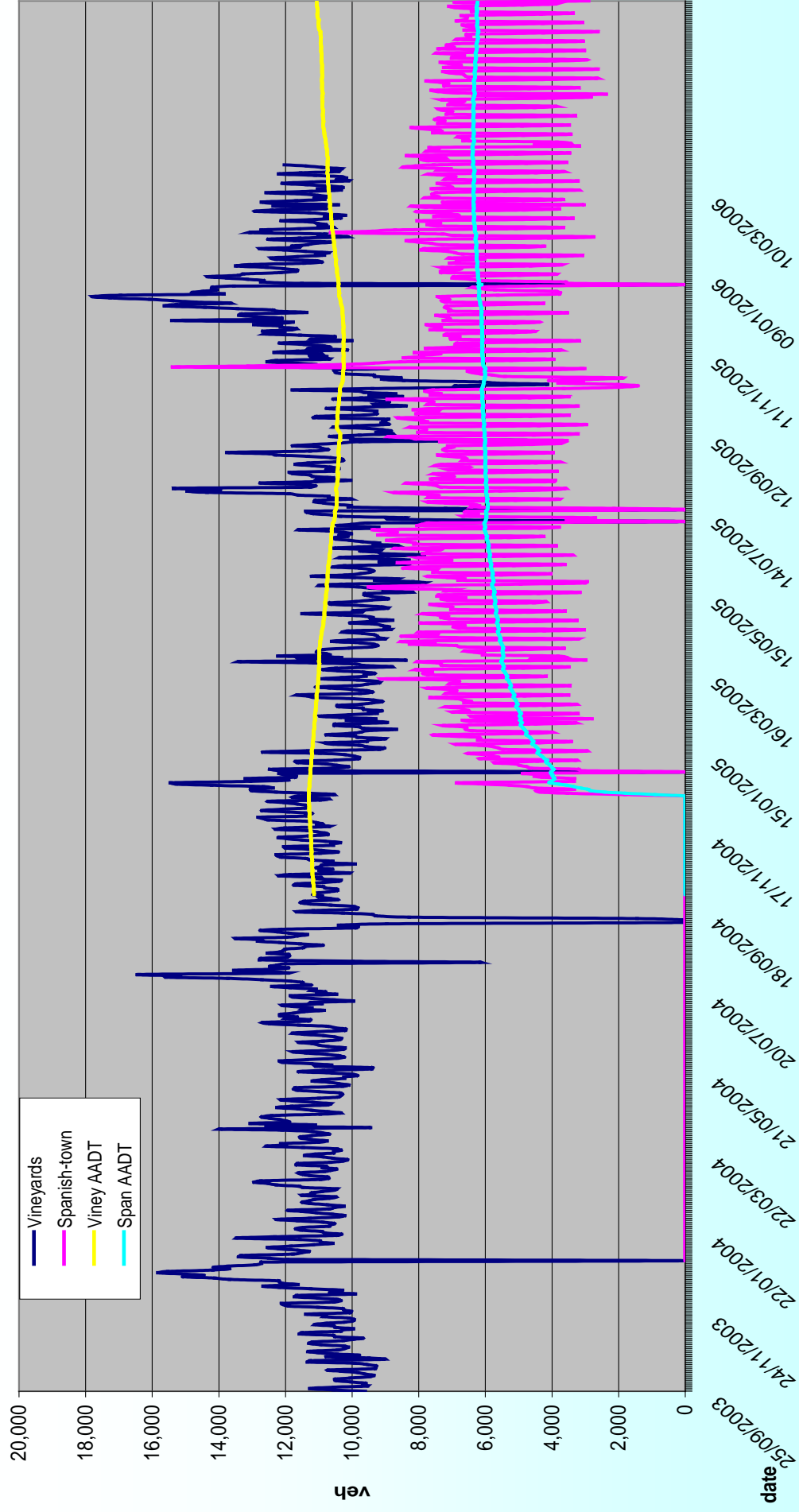
Month	Average Per Day	Peak Daily Traffic
July 2004	11,652	15,581
June 2004	11,013	12,682
May 2004	10,751	12,178
April 2004	11,589	13,948
March 2004	11,026	12,575
February 2004	11,204	12,942
January 2004	11,574	13,474
December 2003	12,546	15,825
November 2003	10,660	12,117
October 2003	10,166	11,340

Since the opening of the second segment of Highway 2000 in December 2004 the average daily usage of the highway has moved from eleven thousand to twenty thousand vehicles.

A chart showing the daily traffic for all months from October 20053 to May 2005 is shown on the page following.

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# DAILY PAID TRAFFIC





## **Accidents**

All accidents occurring on the Toll Road are recorded, analysed and reported by the Operator. Monthly Reports are submitted to NROCC and the National Safety Council giving the location, cause, gravity and other statistics.

There have been one hundred and sixty six (166) accidents over the twelve-month period between April 2005 and March 2006. Of these, there were seven (7) fatalities, thirty-nine (39) serious injuries and thirty-one (31) minor injuries. The major causes of accidents during the eight-month period was bad driving - 33%; mechanical defects - 39%; and speeding - 18%.

## **Maintenance**

Routine maintenance of the Highway continues under the control of the Operator, Jamaica Infrastructure Operators Limited. This includes environmental care and protection in accordance with the permit granted by NEPA.

## **Complaints**

Complaints from customers continue to be received and are acted on by the Operator.

## **Dyke Road Fishing Complex Infrastructure Work**

The Dyke Road Fishing Complex is being built to house the fish vendors who formerly did business on the Dyke Road. Following on from the compulsory acquisition of lands in 2005, infrastructure work on the site was completed.





## NORTHERN COASTAL HIGHWAY IMPROVEMENT PROJECT - SEGMENT 2A HISTORY AND BACKGROUND

The Government of Jamaica (GOJ) has been developing the infrastructure along Jamaica's north coast to support tourism and population growth. The Northern Jamaica Development Project, a significant component of this effort, consists of five sub-projects under the general guidance of the Planning Institute of Jamaica (PIOJ). One of the five sub-projects is the Northern Coastal Highway Improvement Project (NCHIP), extending from Negril in Westmoreland to Port Antonio in Portland.

The length of NCHIP is approximately 264 kilometers (km) and is divided into three segments. The length of Segment 1, from Negril to Montego Bay, is approximately 71 Kilometers, Segment 2 from Montego Bay to Ocho Rios, approximately 97 kilometers, and Segment 3 from Ocho Rios to Port Antonio, approximately 96 kilometers.

On March 30, 2005 a Memorandum of Agreement was signed between the then Ministry of Transport & Works (Employer) and Jose Cartellone Constucciones Civiles (Contractor), which resulted in the omission of Section 1 of the Segment 2 Contract No. **953/OC-JA/MTW 9801**. Section 1 represents 27 km of roadway from the Sangster International Airport (Ch 197+427) in St. James to Greenside (Ch 224+100) in Trelawny, now referred to as **Segment 2A**.

**Segment 2A**, which represents 27 km of roadway from Montego Bay to Greenside in Trelawny consists of approximately 13 km of four lane carriageway between Sangster Airport and Sea Castle and 14 km of 2 lane carriageway between Sea Castle and Greenside, with 2 underpasses for Half Moon & Rose Hall Resorts. The Contractor's 18 months construction period commenced on 2006 March 13.

NROCC represented by the Project Coordinating Engineer has been selected as the Employer's Representative for the construction contract and Stanley Consultants Inc. (SCI) represented on site by the Technical Manager, has been contracted to be the Employer's Representative's Assistant.





## DIRECTORS' FEES

Position of Director	Fees(\$)	Motor Vehicle Upkeep/Travelling or Value of Assigned Motor Vehicle (\$)	Honoraria (\$)	All Other Compensation including Non-Cash Benefits as Applicable (\$)	Total (\$)
Board Chairman	0.00	0.00	0.00	0.00	0.00
Director	0.00	0.00	0.00	0.00	0.00
Director	0.00	0.00	0.00	0.00	0.00
Director	0.00	0.00	0.00	0.00	0.00
Managing Director	0.00	0.00	0.00	0.00	0.00

**NO FEES WERE PAID TO DIRECTORS DURING THIS PERIOD**



## SENIOR EXECUTIVE COMPENSATION

Position of Senior Executive	Year	Salary	Gratuity or Performance Incentive	Travelling Allowance or Value of Assignment of M. Vehicle	Pension or Other Retirement Benefits	Other Allowances	*Non-Cash Benefits	Total
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Managing Director	April 2005-March 2006	5,150,000.00	1,287,500.00	450,000.00	-	-	34,483.65	6,921,983.65
Concession Engineer	April 2005-March 2006	2,502,000.00	-	350,000.00	-	-	34,483.65	2,886,483.65
Civil Engineer	April 2005-March 2006	2,430,000.00	-	350,000.00	-	-	11,772.20	2,791,772.20

**\* Group Health Insurance**



**AUDITOR'S REPORT**

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**AUDITED FINANCIAL STATEMENTS**