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**The Best Way to *GO***

**2006/2007**



## **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**

- 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



**The Best Way To GO**

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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 2007.

### Financial Statements

For the year the company had no revenues however Finance income for the year amounted to \$1,291 M. After deducting Administrative Expenses, Finance Costs and Inflation Compensation the company had a Loss of \$1,894 M.

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

During 2006/2007 the National Road Operating and Constructing Company (NROCC) continued to face some significant challenges as it took on several major road construction and rehabilitation projects in addition to its on-going responsibilities of overseeing and monitoring the operating and construction activities along Highway 2000.

In an effort to ensure the ready availability of the corridor, its reliability and to conserve the desired travel time savings between the major urban points serviced by the Highway, NROCC became directly involved in traffic management issues along several main roads in the Corporate Area to relieve major congestion on off-ramp roads leading from Portmore.

Customers continue to make more use of the toll road network (showing a 150% increase over 2005/2006). There was also an increase in the types of vehicular traffic reflecting the continuing growth of the economy. The level of traffic flowing from May Pen has also increased as more persons from the western and central regions of the country take advantage of the travel time savings realized by the Highway as opposed to the old roads that bring them into Kingston.

Some of the major successes during the period include the completion and opening of the Portmore Causeway tolled road and the Dyke Road which represented the final section of Phase 1a of the Highway works.

Improvement works to relieve traffic congestion were also completed on time and on budget on the following corridors:

- Marcus Garvey Drive,
- Mandela Highway,
- Passage Fort and
- Port Henderson Road.

Falmouth Bypass to Seacastles and the Flankers Bypass sections of the Northern Coastal Highway Improvement Project (NCHIP) being undertaken on behalf of the Ministry of Transport and Works were also opened to traffic.

Fatal and serious injuries along the corridor continue to fall in line with short term goals. However, conscious that driver behaviour plays the most significant role in any success that can be achieved and will directly impact the greatest on potential future



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improvements, NROCC will continue all efforts working along with TJH to improve road safety.

On behalf of the entire staff I wish to thank all who have experienced the smooth travel along Highway 2000 and the North Coast Highway who took the time to provide feedback/comments on the issues encountered along the Highways as well as to those who have purchased automated toll passes which greatly helped to reduce the congestion at the Toll Booths.

I would also like to thank the members of staff who continue to work professionally in the execution of their respective duties, their enthusiasm, innovation and commitment to truly putting the Customer first. We would also like to express our sincere appreciation to Dr. Wayne Reid who guided NROCC since its inception and who retired in September of 2006.

Please note that references made to the Managing Director prior to 2006-September, refer to Dr. Wayne Reid. Thereafter these refer to me.

**Ivan P.G. Anderson**  
Managing Director





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### BOARD OF DIRECTORS

**KINGSLEY THOMAS**  
Chairman  
Managing Director  
Development Bank of Jamaica

**WAYNE REID**  
Managing Director  
National Road Operating and  
Constructing Company Limited

**DEVON ROWE**  
Deputy Financial Secretary  
Ministry of Finance and Planning

**IVAN ANDERSON**  
Project Coordinating Engineer  
National Road Operating and  
Constructing Company Limited

**BARBARA SCOTT**  
Manager – Project Development  
Planning Institute of Jamaica

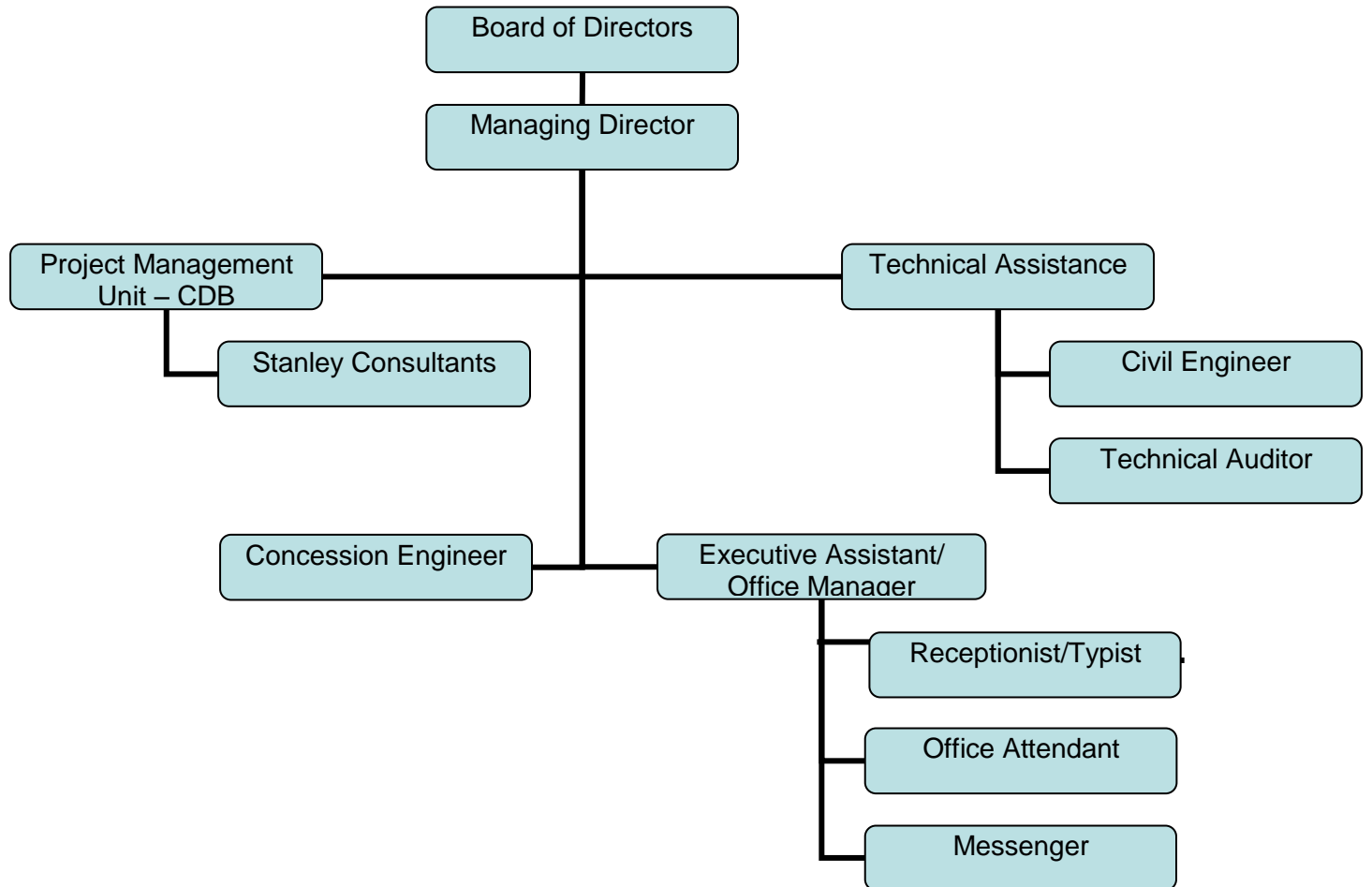
**MAUREEN VERNON**  
Principal Director  
Policy Analysis and Review Unit  
Office of the Prime Minister

**CALVIN GRAY**  
Director





## ORGANIZATIONAL CHART







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### HIGHWAY 2000 PROJECT BACKGROUND

The Government of Jamaica has implemented the Highway 2000 project (the “Project”) to meet the rapidly growing surface transport needs of the country by establishing a safe and efficient motorway axis linking Montego Bay and Ocho Rios by passing through the parishes of St. Catherine, Manchester, St. Elizabeth, Westmoreland, Hanover and St. Ann. The highway is the largest and most significant infrastructure project ever undertaken in Jamaica as well as the English speaking Caribbean. It features a four to six lane controlled-access, tolled motorway with fully grade separated interchanges and intersections built according to modern international standards.



The rationale for the Project was to improve the transport infrastructure of Jamaica after a period of under-investment and thus to provide stimulus for economic growth.



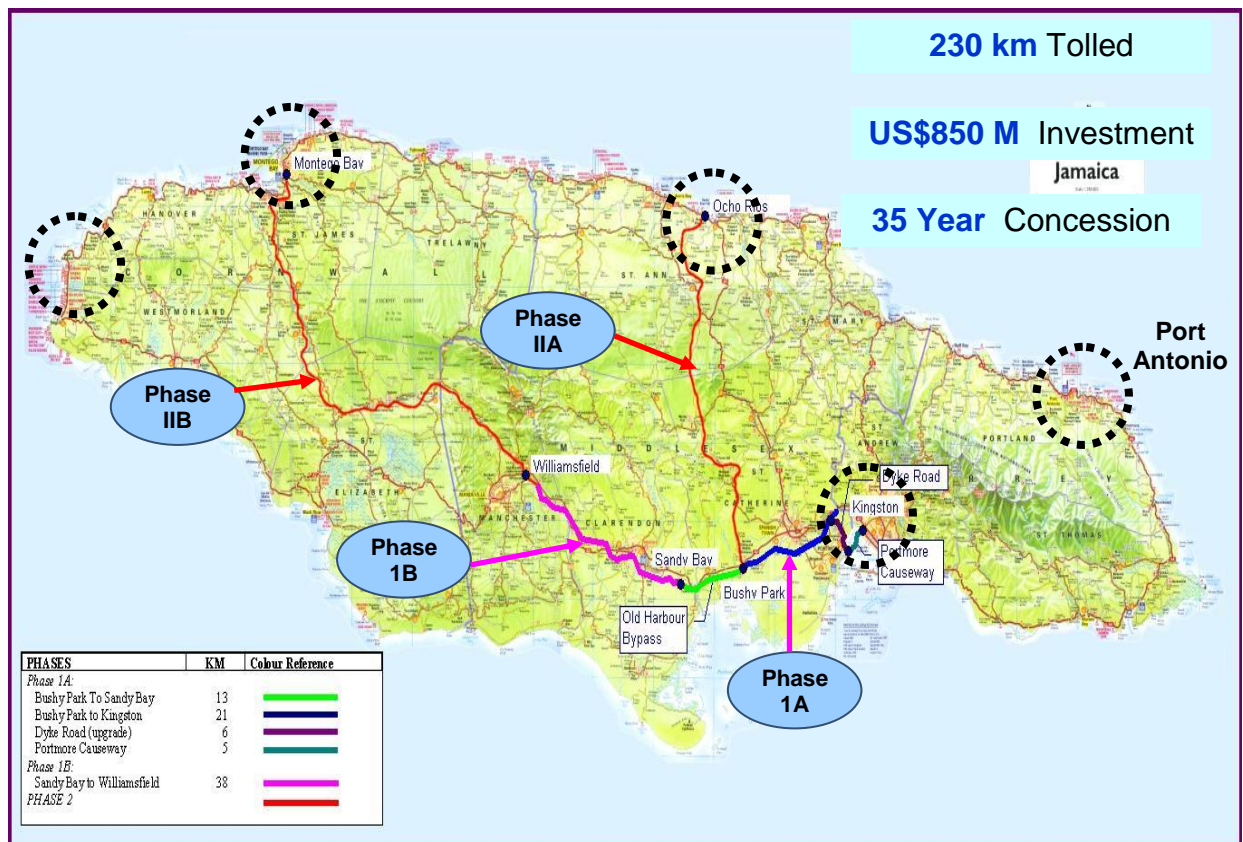
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In September 1999 after more than 18 months of preliminary preparations, the Government of Jamaica (GOJ) decided to proceed with the implementation of the Highway 2000 Project which had been defined in a pre-feasibility study carried out in 1997/8 by Dessau Soprin International, a Canadian engineering consulting firm.

The Project comprise a modern multi-laned tolled-motorway linking the Kingston Metropolitan Area with the island's second city, Montego Bay, and the important tourist resort centre at Ocho Rios. The total length of the project is approximately 230 km. It will significantly improve surface transportation on the island and provide major solutions to the country's present chronic and unsafe road transportation problems.

The Project was conceived as a public-private-partnership and implemented as a build-finance-operate and transfer (BFOT) 35-year concession scheme, between the Government of Jamaica, represented by NROCC and a private sector party (the "Concessionaire" – Transjamaican Highway) who was awarded the Project following an international tender process.

The international tender process concluded in May 2001 with the award of Preferred Bidder status to Bouygues, (an international construction Company from France) and a Concession Agreement was signed in November 2001.



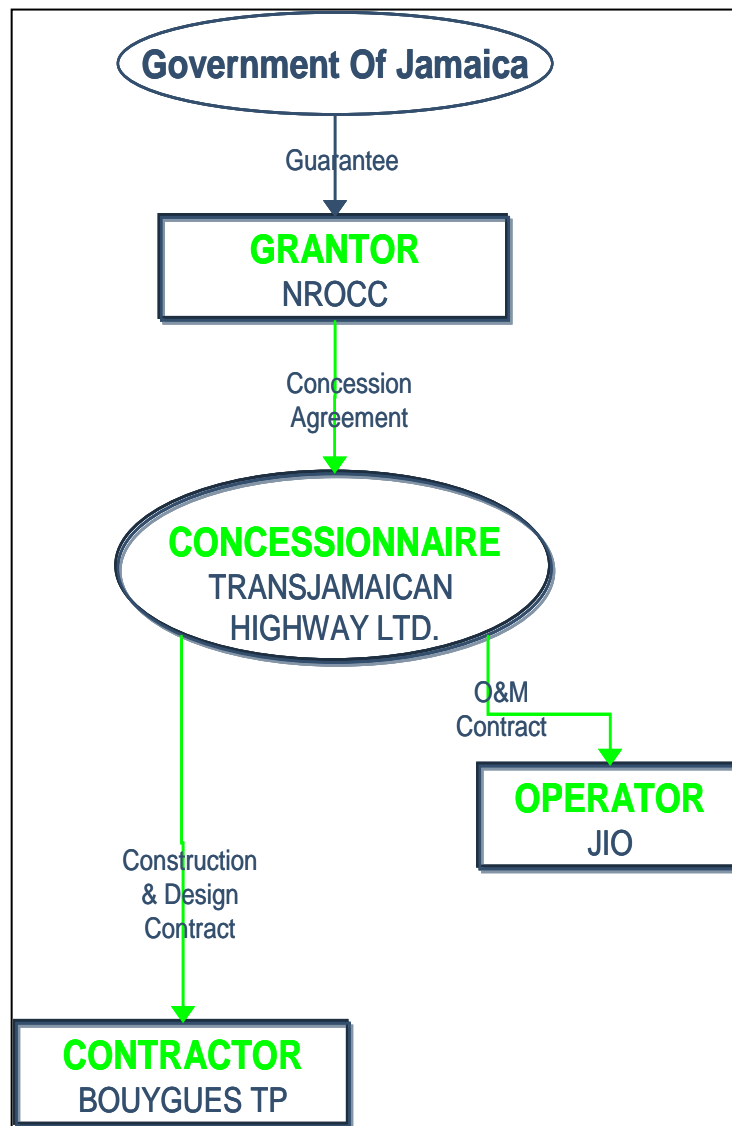


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### HIGHWAY 2000: A PARTNERSHIP FOR NATIONAL NETWORK DEVELOPMENT

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: -







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

NROCC a state owned company, which (pursuant to the Toll Roads Act) was authorized by the Minister of Housing, Transport, Water and Works, the Honourable Robert Pickersgill, to delegate to the Project Company the obligations to design, finance, construct, maintain and operate Highway 2000 and levy, collect and retain tolls with respect to toll road usage.

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

TJH is the Project Company owned by Bouygues Travaux Publics (66%) and Autoroute du Sud de France (ASF) (34%). TJH was awarded the contract by NROCC to design, finance, construct, maintain, operate and improve Phase 1A (see map) of the Project and to levy, collect and retain tolls in respect thereto, under the terms and conditions set forth in the Concession Agreement.

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

BYTPJ and TJH entered into a Design and Construction Contract for Phase 1A of Highway 2000 on February 23, 2002. The contract is on a lump sum, turnkey and fixed term basis.

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

JIO is a private company owned by ASF (51%) and Bouygues TP (49%), which is responsible for road safety and routine maintenance on Highway 2000 as well as the operation and collection of toll plazas.

As the operator of the road, JIO will ensure the safety of the road user by managing the route using “An Incident Management System”, which analyses trouble spots in order to effect improvement; by providing regular patrols, accident response teams and operating S.O.S phones every 2 Km; and by monitoring road conditions to ensure adequate roadway quality and capacity.



### 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.





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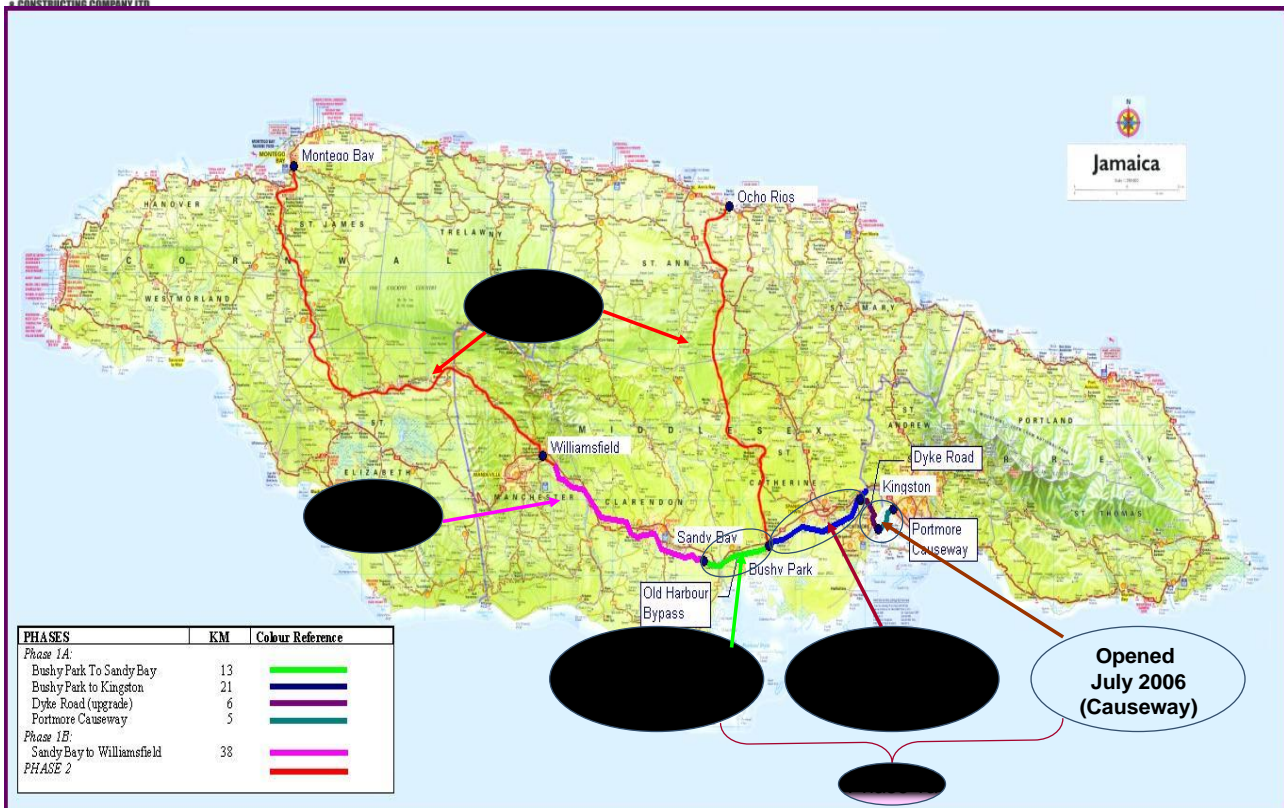
### HIGHWAY 2000 PROJECT HIGHLIGHTS

The first section of the highway to be completed was the Old Harbour Bypass (Bushy Park to Sandy Bay) which was opened to vehicular traffic on 2003 September 22. This was followed by the Kingston Bypass (Mandela to Bushy Park) on 2004 December 12. On 2006 July 13, the Causeway and Dyke Road were opened to traffic. This was the final section of the highway to complete phase 1A.

The map below identifies the works completed for Highway 2000 to date.



## Highway 2000 Phases





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Congestion improvements were done to Passage Fort Drive and Mandela Intersections. In addition, Passage Fort Drive and Port Henderson Road have been rehabilitated and reopened to traffic thus improving the linkage to the Portmore community.



**Completed on time  
and within Budget**

Passage Fort Drive  
Cost US\$2.7 M

Mandela  
Cost US\$0.94 M



### Port Henderson Road

Completed on time and within Budget

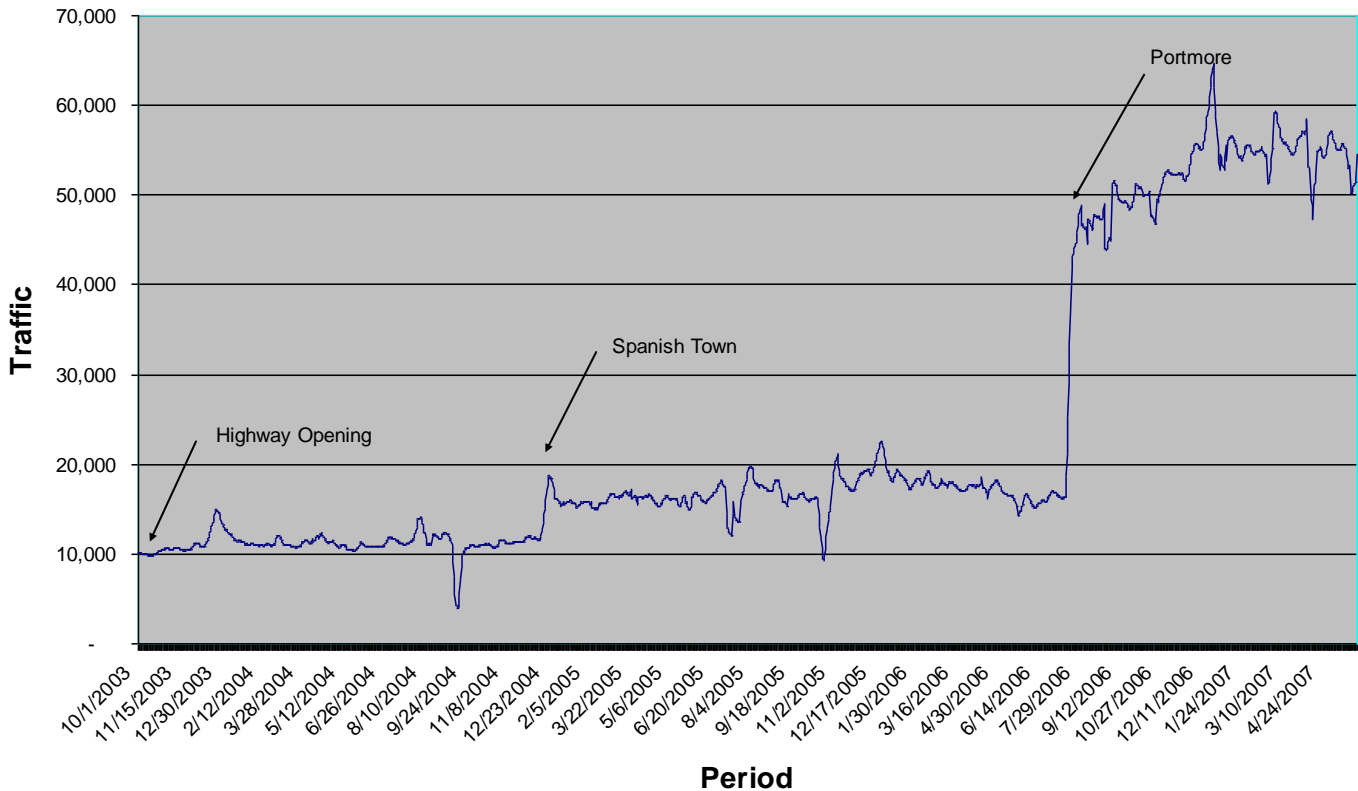
Costs US\$2.2 M



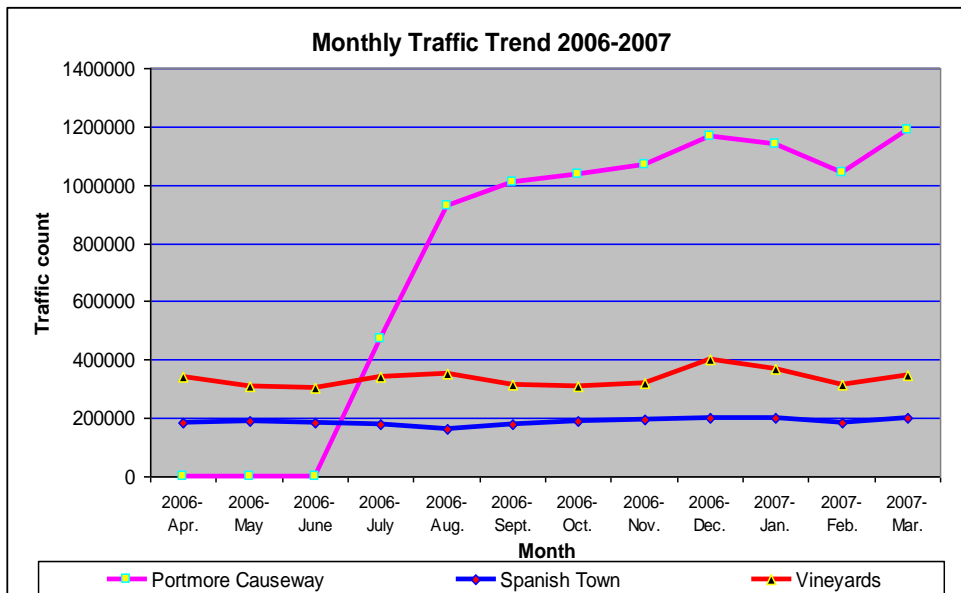


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### Traffic on Highway



Traffic on the Highway has grown steadily over the life of the project from about 10,000 vehicles per day to over 60,000 vehicles per day at its peak. On the causeway alone traffic growth has been almost 50% from approximately 27,000 vehicles in July 2006 to over 40,000 vehicles per day at its peak.



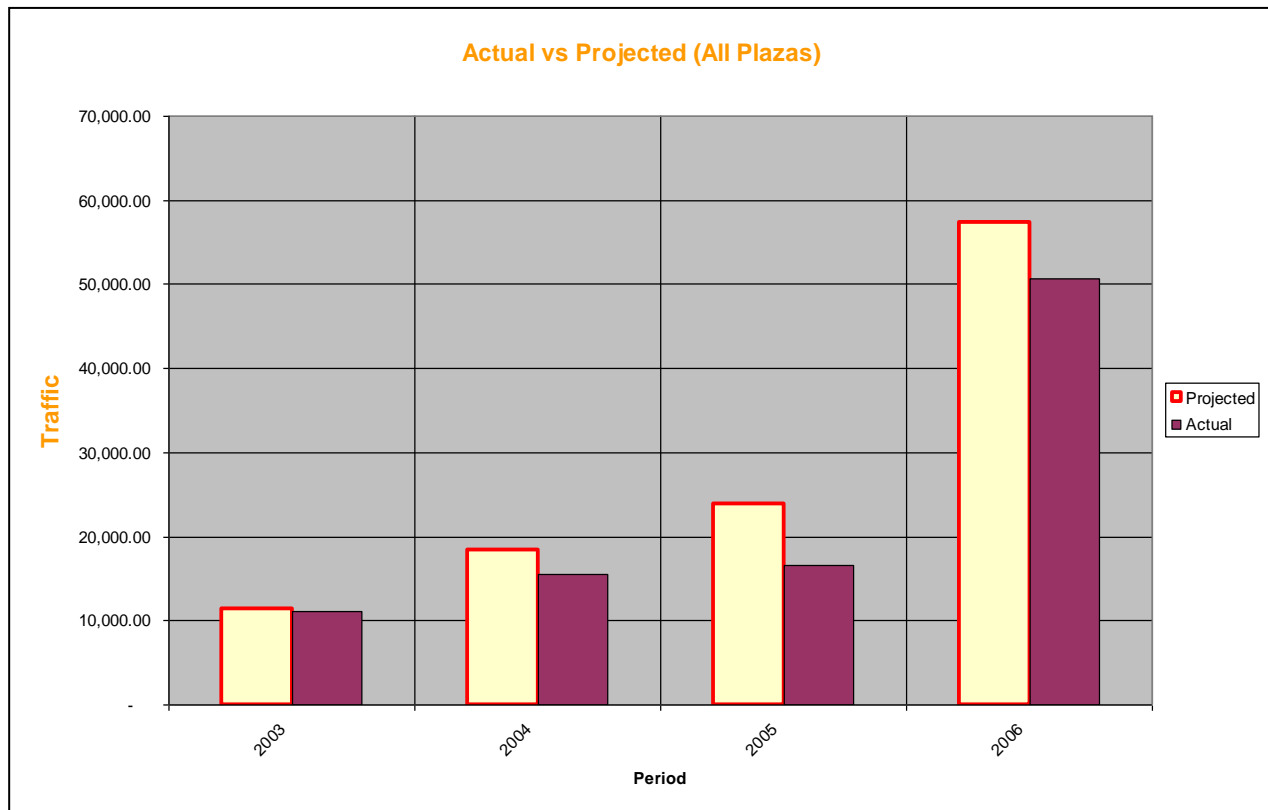
These traffic numbers and the resulting revenues are nonetheless still slightly below the projected traffic numbers as shown in the graph below.







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### Opening of Portmore Toll Road

The Portmore Toll Plaza started operations July 13, 2006. The level of service continues to improve as both the operator - Jamaica Infrastructure Operator (JIO) and the public become more familiar with the setup.



### Dyke Road Fishing Complex

Following on from the compulsory acquisition of lands in 2005, infrastructure work on the site has been completed.

Tenders have been invited for the implementation of the super structure works.





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## **NORTHERN COASTAL HIGHWAY IMPROVEMENT PROJECT - SEGMENT 2A HIGHLIGHTS**



On 2007 March 5 the Falmouth Bypass to Seacastles and Flankers Bypass was opened to traffic.



Under-pass at  
Half-Moon Hotel





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### THE FUTURE – 2007 AND BEYOND

NROCC will continue to directly contribute to the Government's desire to accelerate development through the implementation of appropriate infrastructure and where feasible the integration of various modes of transport by providing suitable extension facilities. Specific projects have been identified to achieve this prerequisite.

#### Highway 2000 Phase 1B East West Link (Sandy Bay to Williamsfield)

The Sandy Bay to Williamsfield link will extend the Highway from Sandy Bay where it now terminates in Clarendon to Williamsfield in Manchester. This extension will include the construction of 4 new lanes of highway along with new interchanges.

The overall length of this section will be approximately 37.7 Km

This section of the Highway is already included in the existing concession agreement and the developer has the option to implement these works. The entire financing of the works will be sourced by the developer with the exception of a loan by GOJ in the amount of US\$15 M. The estimated cost of construction as included in the agreement is US\$120 M.





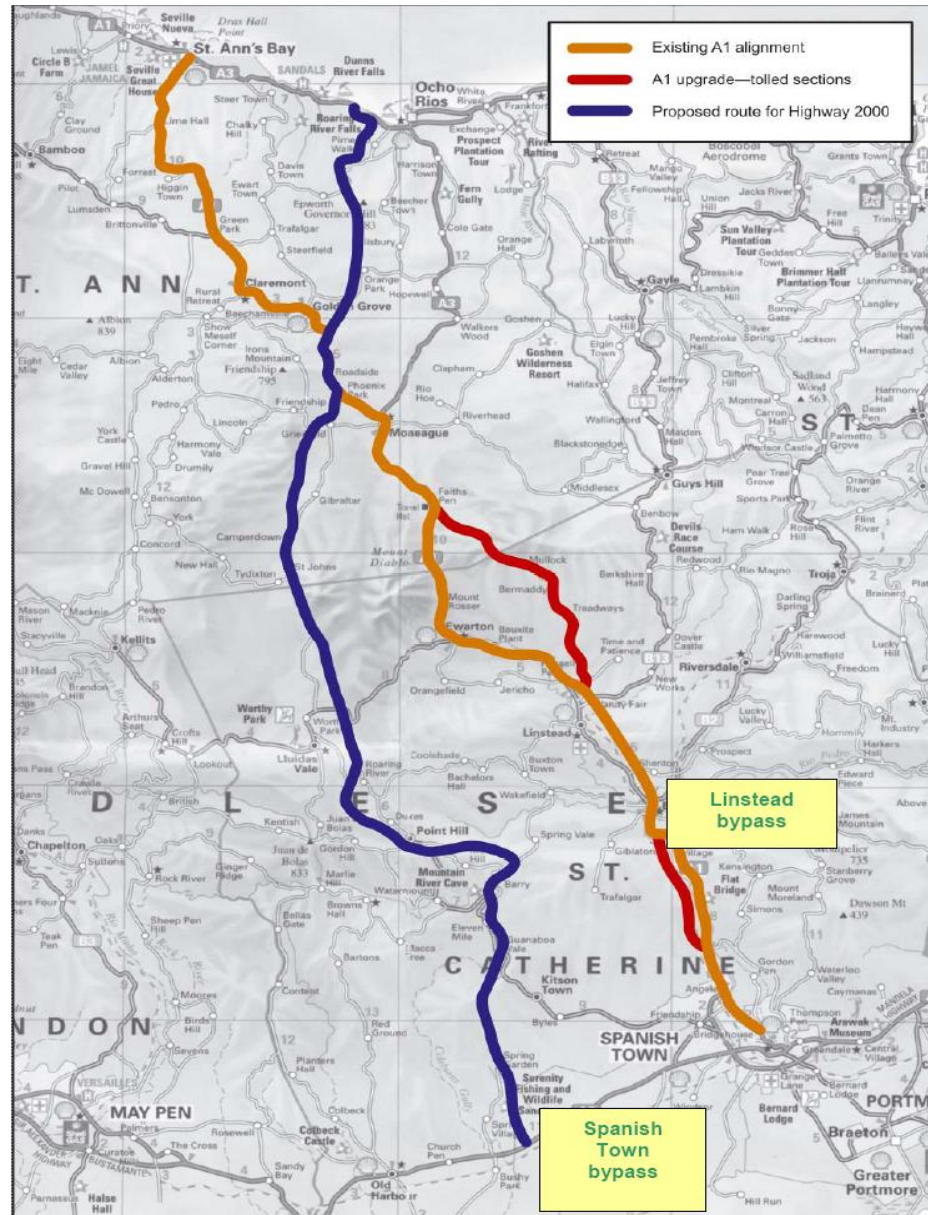
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### North South Link

The North South Link, Spanish Town to Ocho Rios, is comprised of the following sections:

- The Mount Rosser Bypass 25km
- The Spanish Town/Rio Cobre Gorge Bypass 17 km
- The Fern Gully Bypass 12 km

Of these sections it is envisaged that work will commence on the Mt. Rosser Bypass in 2007. The estimated cost of this section is US\$108 M including lands and buildings for the Plaza.





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### ENVIRONMENT PROTECTION MEASURES

The construction of roads is an integral component in the infrastructure development of a country however this must be done in an environmentally sound context. In a bid to ensure the restoration and preservation of a natural habitat Bouygues Travaux Publics Jamaican Branch, has started a mangrove farm in the vicinity of the Causeway Bridge. The mangroves grown will replace those lost in clearing of the site for the construction of the highway.

The mangrove areas will play a significant role protecting the shoreline. Mangroves also help prevent erosion by stabilizing sediment with their roots while maintaining water quality and clarity, and filtering pollutants. The decision to establish the mangrove farm was arrived at after extensive consultations with the National Environment and Planning Agency (NEPA), which granted the permission to clear the site for the highway.

Approximately 15cm of the ripe seedlings of mangroves are directly planted by hand into the soil which is prepared and leveled throughout the platform of a minimum four inches above high tide water level. This process serves to accelerate growth of the mangroves. Highway 2000 has contracted an environmental consultant to conduct environmental audits of the project. Among other things, the consultant seeks to ensure that the mangroves are properly formed, and assess their growth and development.

Several mangroves areas in the vicinity of the construction of Highway 2000 have been cited for restoration over the continuing construction. These include the bay side along the Causeway (between Fort Augusta Drive and Causeway Bridge), as well as the area between the Waterford Canal and the Skeet Club. The planting process is expected to be completed before the end of 2007/08.

The mangrove farm is closely monitored by NEPA to ensure compliance with the directives in the environmental permit issued to Highway 2000. Although it is early days yet, NEPA is happy that the Highway 2000 project team has taken the step to first experiment and sees what the best method of replanting the mangroves should be.



One of the specific conditions of the environmental permit stipulates that the contractors mitigate the total area of mangroves expected to be lost due to roadway construction by replanting an equivalent area of red mangroves. Highway 2000 will replant an estimated 5 metres by 4 kilometres stretch of mangroves.





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### 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
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**





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## SENIOR EXECUTIVE COMPENSATION 2006 APRIL -2007 MARCH

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 <i>Resigned Sept. 2006</i>	April – Sep. 2006	2,929,577.52	2,234,477.75	225,000.00	-	@ 2,055,843.87	14,715,.25	7,444,899.14
Project Coordinating Engineer (PCE)	April - July 2006-	2,500,002.00	-	374,298.00	-	-	8,252.00	2,882,552.00
Civil Engineer	April 2006- March 2007	2,760,480.00	-	350,000.04	-	-	43,597.25	3,154,077.29
Concession Engineer	April 2006- March 2007	2,842,394.40	-	350,000.04	-	-	43,597.25	3,235,991.69

\* Group Health Insurance

@ Pay in lieu of vacation leave





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**AUDITOR'S REPORT**

**&**

**AUDITED FINANCIAL STATEMENTS**