JAMAICA
SPECIAL
ECONOMIC
ZONE
AUTHORITY

ANNUAL REPORT 2019/2020

ANNUAL REPORT 2019/2020

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CORPORATE DATA

Date of Incorporation	February 2016
Registered Office	13 Waterloo Road Kingston 10 Jamaica
Telephone	876-619-7392
Website	www.jseza.com
Email Address	info@jseza.com
Board of Directors	
Metry Seaga	Chairman
Ainsley Powell	
Deborah Newland	
Diane Edwards	
Pamella C. Folkes	
Velma Ricketts-Walker	
Vikram Dhiman	
Daenia Ashpole	
Erica Anderson	
Corporate Secretary	Chantal Bennett
Auditors	C.R. Hylton & Co.

Abbreviations

ASA	Airline Services Agreement
BMP	Business Management Platform
BPO	Business Process Outsourcing
BPSS	Business Partner & Support Services
CARICOM	Caribbean Community & Common Market
CSEZ	Caymanas Special Economic Zone
CSR	Corporate Social Responsibility
DVOR	Doppler Variable Omni Range
ESIA	Environmental & Social Impact Assessment
FIR	Flight Information Region
GLHI	Global Logistics Hub Initiative
ICAO	International Civil Aviation Organisation
ICT	Information Communication Technology
ISO	International Organisation of Standardisation
JFFL	Jamaica Foundation for Lifelong Learning
JPS	Jamaica Public Service Company
JSEZA	Jamaica Special Economic Zone Authority
JSWIFT	Jamaica Single Window for Trade
KATCC	Kingston Air Traffic Control Centre
KCT	Kingston Container Terminal
LHI	Logistics Hub Initiative
LNG	Liquified Natural Gas
NMIA	Norman Manley International Airport
NYS	National Youth Service
OECD	Organisation for Economic Cooperation & Development
OUR	Office of Utilities Regulation
RPME	Regulation, Policy, Monitoring & Enforcement
SEZA	Special Economic Zone Authority
SIA	Sangster International Airport
STEM	Science Technology Engineering & Mathematics
TSI	Technical Services & Infrastructure
UAE	United Arab Emirates

References

fDi Intelligence.***https:/www.fdiintelligence.com>***

Site Selection.***https://siteselection.com>2018 nov***

Global Free Zones of the Year 2o18 ***https://www.fDiintelligence.com>G-***

Jamaica Logistics Hub Initiative Implementation Strategy …*Connecting the Dots*

Our Vision

To inspire a Special Economic Zone (SEZ) ecosystem wherein globally innovative firms instill unprecedented growth, ignited by a culture of sustainability.

Our Mission

To maintain a regulatory framework that contributes to sustainable economic development through accountability, transparency and responsiveness, in a globally competitive and enabling business environment, for the development of Jamaica as a world-class business destination for SEZs and global trading firms, by 2030.

CORE
VALUES


FOSTERING OPENNESS
A➔➔OUNTABILITY
➔REATIVITY
TEAM SPIRIT
INTEGRITY
SO➔IAL RESPONSIBILITY
TRANSPAREN➔Y
WE ARE
FACTIST

BOARD OF DIRECTORS

METRY SEAGA - CHAIRMAN

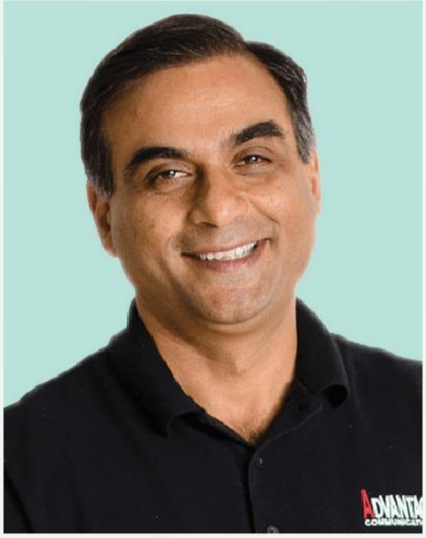
Metry Seaga is the President of the Jamaica Manufacturers' Association (JMA), elected unopposed on June 24^{th}, 2015.

He has served on the JMA's Board of Directors since 2008, and has helped shape and implement many of the organisation's initiatives, fearlessly tackling issues impeding the industry, and promoting the manufacturing sector as the engine of economic growth. Though there have been many accomplishments since Mr. Seaga has taken the reins in 2015, the most noteworthy has been the launch of JMA's newest initiative, the Jamaica International Exhibition (JIE) tradeshow, a first in terms of its size and magnitude, held in June 2017.

Mr. Seaga has been an entrepreneur for over 27 years. After obtaining his Bachelor's Degree in Business at the Florida International University (FIU) in 1984, he returned to Jamaica where he started a rent-a-car business, a travel agency, entered into motor vehicle sales and finally established a manufacturing business. Having been a manufacturer from the age of 16, Mr. Seaga is today the Managing Director of Jamaica Fibreglass Products Ltd., a contract fabricating company.

In addition to being head of the JMA, he is the Vice Chairman of the Jamaica Promotions Corporation (JAMPRO) and was the youngest elected President of the Jamaica U-Drive Association.

In his spare time, he takes pleasure in playing golf.



VIKRAM DHIMAN - DEPUTY CHAIRMAN

Vikram Dhiman is the Chief Operating Officer of ICD Group Holdings Limited, a Jamaican-based investment holding company with regional and global interests in real estate, construction, property management, general insurance, insurance broking, business process outsourcing, and e-commerce.

Mr. Dhiman began his career with KPMG in Jamaica and worked with them in India and the Netherlands. Between 1998 and 2000, he worked with the United Nations Compensation Commission, in Geneva, as a valuation specialist for determination of the claims arising from the 1990 Gulf War. After gaining his MBA from INSEAD he worked at Marakon Associates, a strategy consulting firm, at their London Office, advising several FTSE 100 and 500 firms.

He joined the ICD Group in 2004, and has been instrumental in acquisitions, mergers, divestments and shaping and growing the businesses of the Group, its subsidiaries and affiliates. He is responsible for creating and managing change, developing leadership teams and capabilities across all the companies with which he works. He is also responsible for managing and overseeing the financial, treasury and accounting functions across the ICD Group.

Mr. Dhiman serves on several private and public sector Boards. He currently serves as the Chairman of British Caribbean Insurance Co. Limited and WIHCON Properties Limited. He is a director of Advantage Communications Inc. (Canada), ADV Communications Jamaica Limited, Social Media Group LLC (Puerto Rico), West Indies Home Contractors Limited, ICD Group Holdings Limited, and the University Hospital of the West Indies (Private Wing) where he serves as the Chairman of its Management Committee. In addition, he has been the Honorary Treasurer of the Private Sector Organisation of Jamaica (PSOJ) since 2016. He is also the PSOJ's representative on the Special Economic Zone Authority's Board and serves as its Deputy Chairman.

Mr. Dhiman is the Treasurer of the Jamaica Golf Association. He was the Chairman of its Junior Golf Committee between 2007 and 2017, and has the distinction of having raised over US$300,000 for the development and growth of Junior Golf in Jamaica.

DIANE EDWARDS - DIRECTOR

Diane Edwards is the President of Jamaica Promotions Corporation (JAMPRO) – the national investment and export promotion agency. Possessing a wealth of knowledge and experience in international marketing and business development, Ms. Edwards is committed to developing and advancing Jamaica's business brand.

During her tenure at JAMPRO, she has led its transformational development to serve as a catalyst for wealth creation, through increased customer focus and more effective marketing communication programmes. She has also been instrumental in promoting a culture of innovation to facilitate and support the development of new industries in Jamaica. In addition, Ms. Edwards has been a strong advocate for transformation of the nation's business environment. She currently serves as the President of the Caribbean Association of Investment Promotion Agencies (CAIPA), where she strives to position the Caribbean Region as a premier destination for foreign investment.

Prior to heading JAMPRO, she served as General Manager and Director of J. Wray & Nephew UK Ltd., where she successfully grew the UK Company's turnover by 77 per cent over a 10-year period. Ms. Edwards holds an MBA from New York's Pace University, a Master's in International Relations from Institut d'Etudes Politiques de Paris, and is fluent in English, French, Spanish and German.

PAMELLA C. FOLKES - DIRECTOR

Pamella C. Folkes, is the Deputy Financial Secretary, Taxation Policy Division in the Ministry of Finance and the Public Service.

She has 19 years' experience in Tax Administration, having worked in the Collector General's Department; the Income Tax Department, as a Revenue Agent; and the Taxpayer Audit & Assessment Department as Assis- tant Commissioner.

Thereafter, she served as Principal Director and Chief Technical Director in the Financial Investigations Division, and later, as head of the Taxation Policy Division. During her tenure as Deputy Financial Secretary, she served as head of the Taxation Policy Division and subsequently, as Acting Commissioner of Customs.

Mrs. Folkes is a trained Revenue Agent and Chartered Accountant. She holds a Master's Degree from the University of the West Indies, having majored in Finance and International Trade. As Deputy Financial Secretary, Mrs. Folkes provides expert advice, guidance and procedural interpretation to all stakeholders, and represents the interest of the Government of Jamaica on issues relating to tax policy. She also acts as arbitrator in settling differences in the interpretation of policies between Tax Administration Jamaica and the public.

Her duties also include making recommendations to the Minister of Finance for discretionary tax relief under several taxation statutes.

AINSLEY POWELL – DIRECTOR

Ainsley Powell was appointed Commissioner General of Tax Administration Jamaica (TAJ), in October 2014.

Prior to this appointment, he served as Acting Commissioner General, and Chief Technical Advisor for Tax Administration Jamaica. As Commissioner of the former Taxpayer Audit and Assessment Department (TAAD), he has represented Jamaica at various tax conferences and seminars both locally and internationally.

His earlier work experience in taxation includes, Deputy Commissioner, Stamp Duty and Transfer Tax; Technical Specialist, TAAD; Bauxite Audit Specialist, Income Tax and Programme Instructor for the Caribbean Regional Technical Assistance Centre (CARTAC).

Mr. Powell is currently Jamaica's representative to the Caribbean Organisation of Tax Administrators (COTA) and the Inter-American Centre of Tax Administrations (CIAT).

VELMA RICKETTS-WALKER - DIRECTOR

Velma Ricketts Walker is the CEO/Commissioner of Customs, a position she has held for the past three years. She has over 17 years' comprehensive training and expertise in Customs Administration; Trade Facilitation; Risk Analysis; Strategic Planning; International Trade; Security; Voluntary Compliance; and Enforcement.

Having begun her career in the Customs Department in 1999, she was appointed Assistant Commissioner, Compliance and Enforcement in 2011. Prior to her appointment as Commissioner of Customs in 2017, Mrs. Walker worked at the International Monetary Fund (IMF) as a Revenue Administration Advisor, where she assisted regional Customs Administrations with the development and strengthening of their Risk Management Programmes, and Organisational Strategic Reform.

With strong motivational, coaching and negotiating skills, she is an IMF-certified and trained Tax Administration Diagnostic Assessment Tool (TADAT) Assessor. Mrs. Walker currently leads the Jamaica Customs Agency's (JCA)'s Strategic Reform Programme and chairs the World Customs Organisation's (WCO)'s Capacity Building Committee.

DEBORAH NEWLAND - DIRECTOR

Deborah Newland is the General Manager of Logistics and Corporate Development at the Development Bank of Jamaica. She is a graduate of the University of the West Indies, Mona, where she studied Law. In addition to serving as a Director of the Special Economic Zone Authority's Board, she currently serves on the Boards of various public sector and quasi Government organisations, including the National Housing Trust; JAMPRO; and the Kingston Freezone.

Her passion is to assist those who are mentally impaired, and as such are unable to learn in a traditional classroom setting. She, therefore, plans to promote their cause by raising public awareness, and lobbying for the requisite resources to provide a platform for equal learning opportunities for this group.

DAENIA ASHPOLE - DIRECTOR

Daenia is an International Trade Specialist and Business Strategist with more than a decade experience in trade policy development, international trade negotiations, market research, strategic communications, business development and project management. The University of the West Indies Consulting (UWIC), the Ministry of Industry, Investment and Commerce and its agencies, the Jamaica Promotions Corporation (JAMPRO) and the Cannabis Licensing Authority are among the important institutions which Daenia has given service to in crucial positions. Daenia has a unique blend of interdisciplinary experiences that has charted her way as a dynamic change leader. Daenia is also an entrepreneur. She's the Founder and Chief Executive Officer of Jamaica's first full-service 'day and night' salon.

The salon was established to cater to the dynamic lifestyles of 21st century busy professionals. She also served as interim CEO of the Cannabis Licensing Authority, where she brought seamless balance to the Authority as both an effective regulator and facilitator to maintain the industry's integrity, while contributing to its expansion and viability. There she improved application processing times by more than 75% in less than a year. Over the years, Daenia has utilized her incisive mind along with a penchant for creative, bold and effective decision making to successfully pursue strategic development initiatives in various sectors. She holds an MSc. in International Trade Policy and BSc. in International Relations and Spanish.

ERICA ANDERSON - DIRECTOR

Erica Anderson is Assistant General Manager, Special Projects, Office of the Group CEO, at National Commercial Bank Jamaica Limited. She has 18 years of experience in a broad spectrum of business functions, including M&A integration, Divestitures, Human Resources, Strategy, Corporate Governance, Project Management, Regulatory Oversight, insurance, and pensions management.

Erica has worked on a significant business divestment and executed several post-acquisition integration plans to support overall strategic objectives. She has contributed to the Strategic Mergers and Acquisitions (M&A) team's thought leadership and general strategy formulation. Over the past seven years, Erica extended her time and service to government boards through directorship positions and held roles on several committees. She holds an MBA, specialising in Finance, and a BSc in Management Information Systems/Finance & Insurance.

CHAIRMAN'S MESSAGE

On behalf of the Board of Directors, I am proud to present the Jamaica Special Economic Zone Authority's 2019/2020 Annual Report, which details its development during a year characterised by innovative solutions.

With modernisation and transformation as its watchwords, the Authority blazed a trail of cutting-edge initiatives, as we continued to build on the seminal work of the inaugural period.

International Benchmarks

Following the institutionalisation phase, we received the World Trade Organisation's approval for alignment with international best practices. Additionally, we successfully met the Organisation for Economic Co-operation and Development's (OECD's) requirements for compliance with the obligations governing global trade-related legislative treaties.

These accolades showcase to potential SEZ investors and indeed to the world, that JSEZA's system standards are in keeping with premier jurisdictions, and meet established criteria.

Workforce Development

Against the backdrop of these milestones, our home-grown initiatives in the area of human capital development continued. Our collaboration with local and external vocational and academic institutions is proving to be instrumental in equipping the potential SEZ workforce to meet industry demands for today's "knowledge" economy. This, as targeted training and knowledge transfer are ranked as critical success factors, as Jamaica seeks to garner foreign direct investment in the Regime.

Indeed, the fiscal year saw a significant influx of local and foreign investment in diverse industries, as the Authority continued its efforts to facilitate the country's transformation, from primary production to a logistics-oriented hub, supporting globally competitive firms.

BPO Stimulus

With the Business Process Outsourcing (BPO) sector eminently positioned to become the leader in the Caribbean and Latin America, according to a global provider of BPO solutions – we welcomed a large cadre of new operators during the reporting period.

Modern Zone Development

We also employed proactive initiatives to address our mandate to pilot the development of state-of-the-art, strategically located, large-scale Zones.

In keeping with the recommendations of the Global Logistics Hub Initiative (GLHI) Master Plan for industry diversification - in the fiscal year, several large parcels of Government-owned land were identified, with a view to reserving and packaging them to attract investors interested in developing modern SEZ clusters.

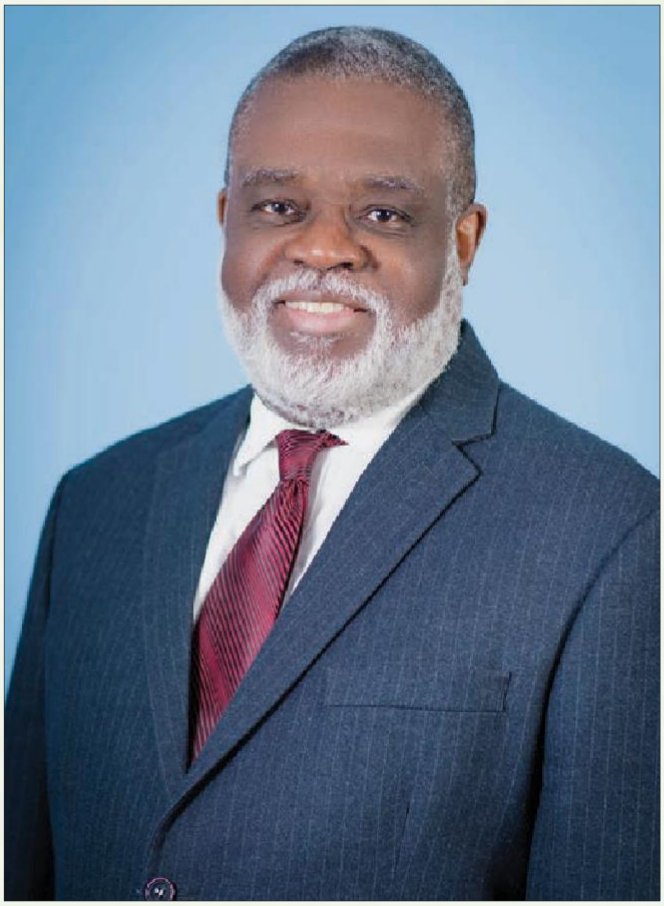
Caymanas

Meanwhile, the proposed Caymanas SEZ, designated as the flagship project of the GLH Initiative, is poised to be a high-tech commercial and industrial facility, embodying the "work-live-play" concept adopted in the design of world-class Zones in Singapore and Dubai.

For an emerging body, the year's performance was commendable, and reflected organisation-wide commitment. I therefore wish to commend the Management Team and the staff for their sustained effort and hard work in the period of this review.

MR METRY SEAGA

CHIEF EXECUTIVE OFFICER'S OVERVIEW



In the context of transitioning from institutionalisation of the Authority's core procedures and processes, coupled with harmonisation of the Export Free Zone, and Special Economic Zone Regimes – the 2019/2020 fiscal year was another dynamic period for JSEZA.

Our next steps involved analysing and streamlining those processes, while taking deliberate steps to develop innovative solutions to facilitate ease of doing business in the Zones. In so doing, emphasis was placed on implementing transformational initiatives, targeted at stimulating economic growth and sustainability, and creating a SEZ Regime in keeping with globally benchmarked standards.

Priority Industry Initiative

Given the Government's vision for the country's economic growth path, JSEZA's **Industry Prioritisation Programme (IP)** - aimed at positioning businesses to capture a greater market share gained momentum in the fiscal year. The overarching goal of the Programme is to facilitate the integration of Jamaican businesses into global supply and value chains.

Led by extensive industry analysis, under the Authority's promotional strategy, the IP Programme identified those sectors with the best value proposition to attract SEZ investment to Jamaica, based on their competitive advantage.

Optimising Operational Efficiency

Closer to home, in a bid to maintain the productivity-oriented environment which has become our hallmark, the Authority continued to embrace the latest technological advancements to enhance efficiency, and to better serve our stakeholders.

Meanwhile, as the gatekeeper of the SEZ regulatory framework, we recognised the need to continually improve our operating procedures and compliance with standard reporting requirements. As such, the Authority embarked on the implementation of a Quality Management System in the fiscal year, with the aim of attaining the **International Organisation of Standardisation's (ISO 9001:2015)** Quality Management certification.

This was spearheaded by JSEZA's newly established Strategic Planning & Risk Management Unit. The establishment of an Enterprise Risk Management Framework was also proposed, and the groundwork for its institutionalisation was actively pursued during the reporting period.

Year-end Challenge

Amid our forward-looking initiatives, the financial year ended with the onset of the COVID-19 pandemic, which shook the very foundation of the country.

In response, the Authority rallied with its stakeholders to observe the mandated protocols to mitigate the spread of the virus. Despite the unprecedented "lock-downs" and work-from-home restrictions, with the collective will of management and staff, we were agile and responsive, and the sector looked to us to coordinate with our partnering agencies to support business continuity in the SEZ regime.

Indeed, this was a testament to the value-based culture of SUSTAIN-A-livity we have fostered at JSEZA, and I wish to express my heartfelt thanks to the entire team.

DR ERIC DEANS

OpERATIONAl OBjECTIVES
& PROCESSES

The transition from the Jamaica Export Free Zones framework to the Special Economic Zone Regime demands effective Change Management to minimise the potential fallout, and to create an enabling SEZ environment. As such, it is imperative that the Authority has the capacity to effectively administer the new Policy and Regulations with minimal disruption. To achieve this, we have adopted the following precepts to guide its operations:

ORGANISATIONAL HEALTH

To continuously renew itself to sustain exceptional performance over time, in order to influence how effectively its stakeholders, processes and tecnologies are aligned with its strategic goals.

ORGANISATIONAL AGILITY

To demonstrate the capability to rapidly adapt in response to new demand, the emergence of industry-changing technologies, or sudden shifts in overall market conditions.

NETWORKING HEALTH

To fulfil its Mission, JSEZA has forged effective networking relationships with its regulatory partners – ministries, departments and agencies, in keeping with the “whole-of-government approach” being championed globally for successful SEZ development.

QUALITY MANAGEMENT & SIX SIGMA STANDARDS

The Authority is also striving to achieve ISO 9001 certification a standard based on seven (7) quality management principles including: a strong customer focus; people engagement; evidence-based decision making; effective leadership; and relationship management.

In addition, it has sought to improve its standard operating procedures by adopting the values of Lean/Six Sigma Management to achieve a results-oriented; employee-focused organisation; dedicated to value-based services; achieving profitability by minimising costs; and enhancing quality and efficiency.

Strategic Development Process

During the reporting period JSEZA, adopted an integrated strategic planning and performance management system that embraced the value proposition of becoming Process-driven; Performance-based; and Results-oriented – utilising the Balanced Scorecard approach.

The Balanced Scorecard approach communicates the Vision, Mission and Strategy to employees and external stakeholders, and utilises tactical performance measures and targets to assess the organisation's progress. It also provides feedback on both the internal business processes and external outcomes, in order for the organisation to continuously improve its strategic performance and results.

OPERATIONAL PRINCIPLES

Process-Driven

Constantly seek to sharpen the organisation's processes to achieve efficiency, while maintaining value, in order to create an environment for operational growth and productivity.

Performance-Based

Strive for more efficient and effective delivery of services to customers. Place greater focus on policy development and management of portfolio entities, to ensure the realisation of priority outcomes.

Results-Oriented

Know what results are important and allocate resources to achieve them.

The institutionalisation of the Authority included:

1. conducting a re-engineering and restructuring exercise to ensure that the organisation can prepare to meet its mandate and to create the ideal corporate office environment;
2. identifying and selecting the most appropriate strategies for utilising the resources and skills available to achieve specified goals and objectives;
3. focusing on the mammoth task of finalising the inventory of all entities with Free Zone status;
4. adopting technological advancements;
5. developing a safe and secure SEZ environment to ensure the optimal use of investment assets;
6. increasing investments in SEZ's by attracting local and foreign direct investments in new, existing and emerging industries;
7. focusing on the development and implementation of a stakeholder engagement framework; awareness; communication; and advocacy strategy;

8. supporting Jamaica's implementation of the WTO Trade Facilitation Agreement; and

9. adopting the UN Sustainable Development Goals, and a Corporate Social Responsibility Policy to demonstrate the critical importance of economic stability and sustainability; social well-being; and environmental sustainability.

Jamaica Special Economic Zone Authority's Head Office

SEZ REGIME…
ECONOMIC IMPACT

The Most Hon. Andrew Holness, ON., PC., MP
PHOTO: JIS. March 2020

"The success of a Free Zone is defined by the level of business excellence it achieves and by its economic contribution to its host government's goals." – Dr Samir Hamrouni, CEO of the World Free Zones' Organisation

The Government of Jamaica's stated rationale for establishing the Special Economic Zone Regime, as articulated by Prime Minister Andrew Holness, was to advance the country's economic growth agenda, targeting local and foreign investments in priority industries - thereby creating employment opportunities in new and diverse sectors.

Prime Minister's Commendation

Noting that at the end of the fiscal year, SEZ investments were projected to exceed US$565 million 90% of the former Free Zone entities having transitioned to SEZ status, the Prime Minister commended the achievements made by the Special Economic Zone Authority on the development of a *"modern and effective SEZ Regime"*.

With the coming on stream of the Regime, the Government has earned an increase in revenue from J$22 million in 2019, to a reported J$381 million in June 2020. Moreover, these additions to the SEZ landscape have translated into approximately 39,190 new jobs in Information Communication Technology (ICT); Business Process Outsourcing; agribusiness; logistics; and the fuel sectors.

Preliminary data suggests that after all the current SEZ projects in the pipeline have been processed and approved, the total employment numbers should spiral to some 55,000. Special Economic Zones are spread across 11 parishes, with the aim of stimulating the development of commercial and logistics infrastructure, to catalyse the economy island wide. Jamaica's SEZs embrace a range of services including: training; incubation space; warehousing and distribution; logistics; manufacturing; assembly; and production facilities.

Currently, the Regime boasts 26.6 million square feet of designated SEZ area. Despite the onset of the COVID-19 pandemic, during the reporting period 12 new Zones were under construction in a variety of industries, totaling 1.1 million square feet of committed space. This represents US$660.6 million dollars of direct investment, and the addition of 30,226 new jobs, based on investor projections.

Heightened Business Confidence

Meanwhile, business confidence in the SEZ model, established as an economic stimulus strategy continues to grow, with increased local and foreign investor interest in a wide cross-section of traditional, as well as new and emerging industries.

Going forward, the Authority is in discussion with a number of prospective SEZ investors at different stages of their projects. These include Grand Ridge in Montego Bay, a 65-acre Zone with educational, medical/pharmaceutical, and commercial industries; a 26-acre film studio and post-production facility in Trelawny; and the Seaview Eco-industrial Park in the Seaview/Riverton area, comprising approximately 250 acres of mixed-use facilities; with data centres; petrochemical; and logistics industries.

Construction on these projects is expected to begin in the new financial year, and will realise approximately 400 acres of additional SEZ space, at an estimated value of more than US$1.3 billion.

This heralds the nascent manifestation of the Government's vision of revolutionalising Jamaica's economy, by leveraging the islands strategic positioning, through the establishment of the Global Logistics Hub Initiative. And the internationally proven facilitator and conduit selected, was the SEZ Regime.

Inherent in its precursor, the Export Free Zones Regime[1], there were limitations which were inimical to diversified linkages to the local economy. The SEZ Act effectively widened the scope of sanctioned economic activities, and removed the prescribed 15 percent 'cap' on domestic sales . This enabled local suppliers to trade freely with companies within the Zones.

The Government therefore embraced the SEZ paradigm as a fiscal stimulus to fast-track sustainable economic growth, by supporting both globally and locally competitive firms in an expanded range of industries.

[1] *The Export Free Zones Act only allowed manufacturing entities to supply a maximum of 15 percent of their production to the domestic market.*

BUSINESS PARTNER & SUPPORT SERVICES

As its name suggests, JSEZA's Business Partner & Support Services Unit has overall responsibility for Stakeholder Relationship Management, and provides assistance to internal and external entities, through its Facilitation and Standards & Compliance Teams.

True to its motto, ***"Doers of Sayers"***, the Unit also coordinates several other critical aspects of Zone administration - the tracking and analysing of SEZ applications; collating job creation data; and the evaluating and reporting on the economic impact of the Regime to the Jamaican economy.

Business Facilitation Team

The Business Facilitation Team offers virtual One-Stop-Shop and Aftercare Services to both private and public stakeholders, including resolution of daily queries from existing investors and public partners. Meanwhile, in keeping with the Authority's thrust to facilitate ease of doing business in Jamaica, the Standards and Compliance Team handles verification and routine follow-up relating to the application process.

From Free Zone to SEZ

The 2019/2020 fiscal year was one of transition, and therefore not without its attendant challenges. The transitioning process from Free Zone to SEZ status was not merely a matter of companies transferring from one regime to another. The harmonisation exercise involved significant verification and regularisation, both before and during the transitioning process, in keeping with the legislative instruments governing the Special Economic Zone Regime. At the start of the process, JSEZA's machinery was greeted with Free Zone entities which were not Gazetted, yet held Ministerial Orders. It was also not uncommon to find companies which had moved from the locations where they had been granted designated Free Zone status, while continuing to operate elsewhere still under the auspices of the Regime without reference to the appropriate portfolio agency. Without regularisation, these breaches would have exposed the country to sanctions under the Financial Action Task Force, among others. These challenges notwithstanding, by March 31, 2020, the Authority had successfully transitioned 103 candidates – having received applications from more than of 160 interested companies.

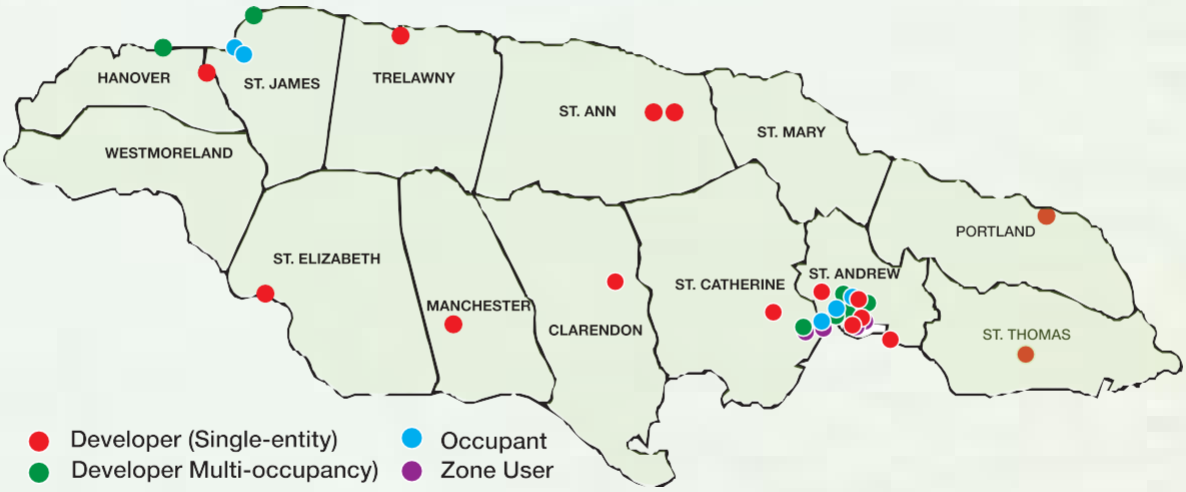
Throughout the period of this review, the Unit's focus was therefore predominantly on completing evaluations for transitioning SEZ applicants. However, with the onset of COVID-19, it also provided business continuity support to the community of Zone users island wide.

The SEZ LANDSCAPE

Figure 1 (page 20) shows the location of Special Economic Zones across the island, and their categorisation: Developer, Occupant and Zone User. The map also illustrates SEZ clusters island wide, with the majority located in the parishes of Kingston and St. Andrew, followed by Montego Bay, with the second highest concentration.

The other areas show a great disparity in terms of penetration. However, there are opportunities for those areas to increase their concentration through rigorous industry analysis and the forging of public-private-partnerships. The Authority's organisation-wide thrust in the 2020/2021 financial year will therefore be targeted at promoting clustering in order to continue to attract more large-scale investments.

Figure 1



SEZ Status, Designation & Authorisation

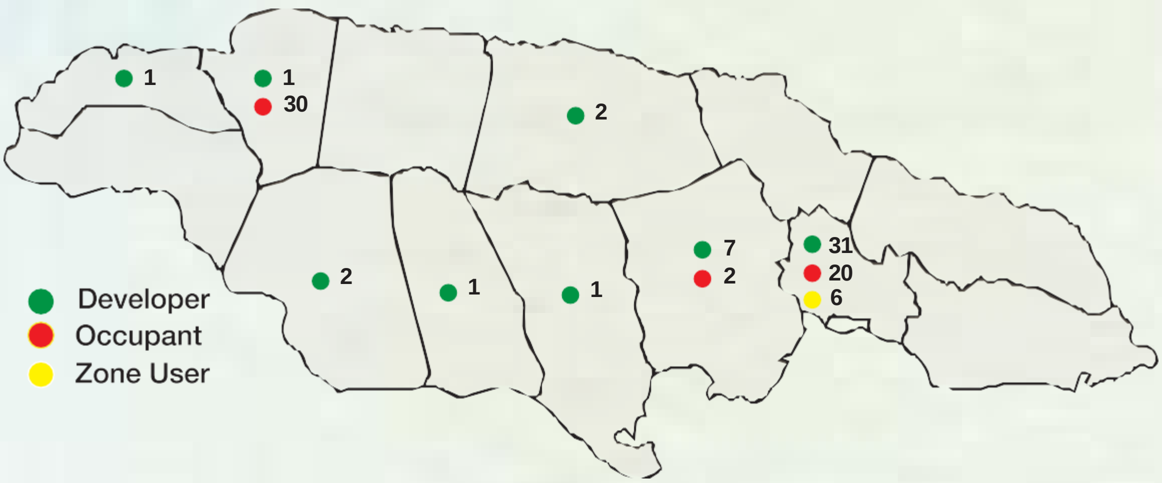
During the reporting period, 103 entities were granted SEZ status, while 109 received SEZ designation, and six (6) Zones Users received authorisation to operate within Special Economic Zones.

Figure 2 shows the location of the SEZ entities that received approved status during the period, broken down as follows:

- 51 Developers;
- 52 Occupants;
- 6 Zone Users.

Eighty-five percent of these SEZs are in the parishes of Kingston and St. Andrew. This is largely based on their proximity to the ports and areas with easily accessible transportation, for ease of movement of goods and services.

Figure 2



The Table below outlines the breakdown by parish of the number of entities in receipt of SEZ status for the reporting period.

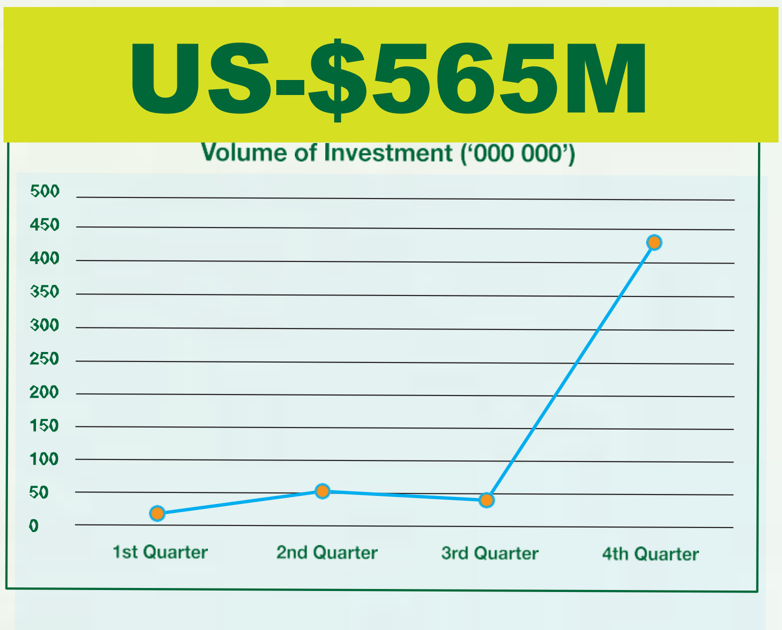
Figure 3. Breakdown by parish of the number of entities in receipt of SEZ status for the reporting period

PARISH	DEVELOPER	OCCUPANT	ZONE USER
St. James	6	30	0
Kingston	31	20	6
St. Elizabeth	2	0	0
St Ann	2	0	0
Manchester	1	0	0
Clarendon	1	0	0
Hanover	1	0	0
St. Catherine	7	2	0
Total	51	52	6

SEZ Investments in Jamaica

As part of its core functions, the Business Partner & Support Services Unit conducted technical reviews on companies operating within the Regime in the fiscal year, thereby generating critical information on the economic impact of SEZ entities in terms of their contribution to the national coffers.

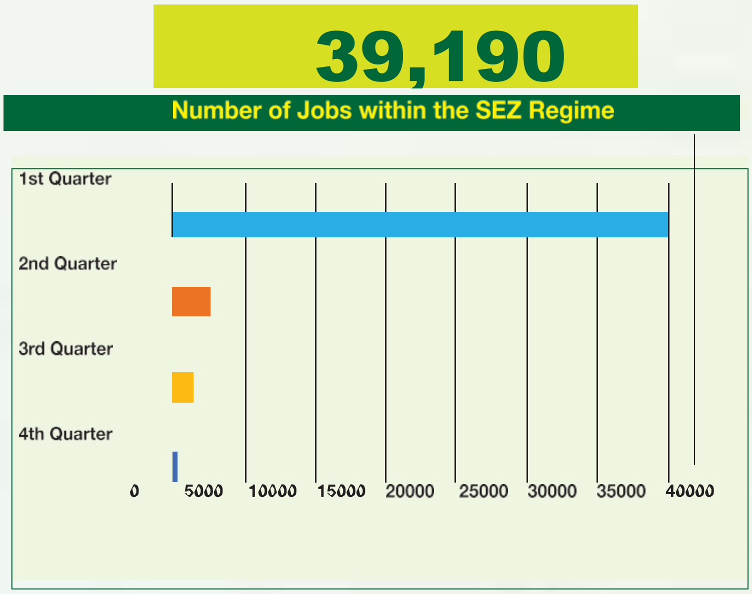
Figure 4. Volume of Investment



SEZ Job Creation Figures

A critical indicator of the economic impact the SEZ Regime has made was in employment generation. The figures recorded reflect the development of projects mobilised during the reporting period.

Figure 5. Number of jobs within the SEZ Regime

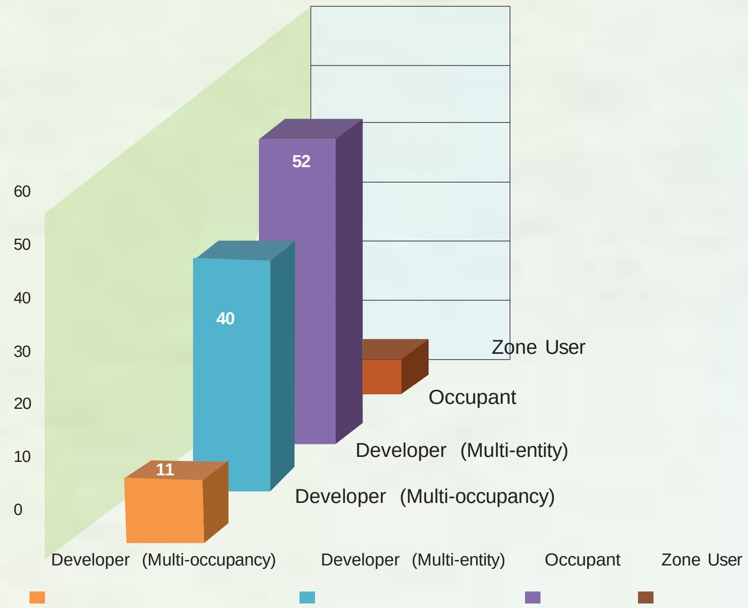


Approved SEZ Status

The data collected by the Unit as reflected in Figure 2, show that a total of 52 companies received Occupant Status; 51 received Developer Status (11 Multi-purpose, 40 Single-entity); and six (6) were granted Zone-user authorizations.

As the successful transitioning of entities from the Free Zone to the Special Economic Zone Regime continued during the review period, there was a high volume of applications.

Figure 6. Entities that received Operating Certificates and Authorization Letters (April 2019-March 2020)



SEZ Industries

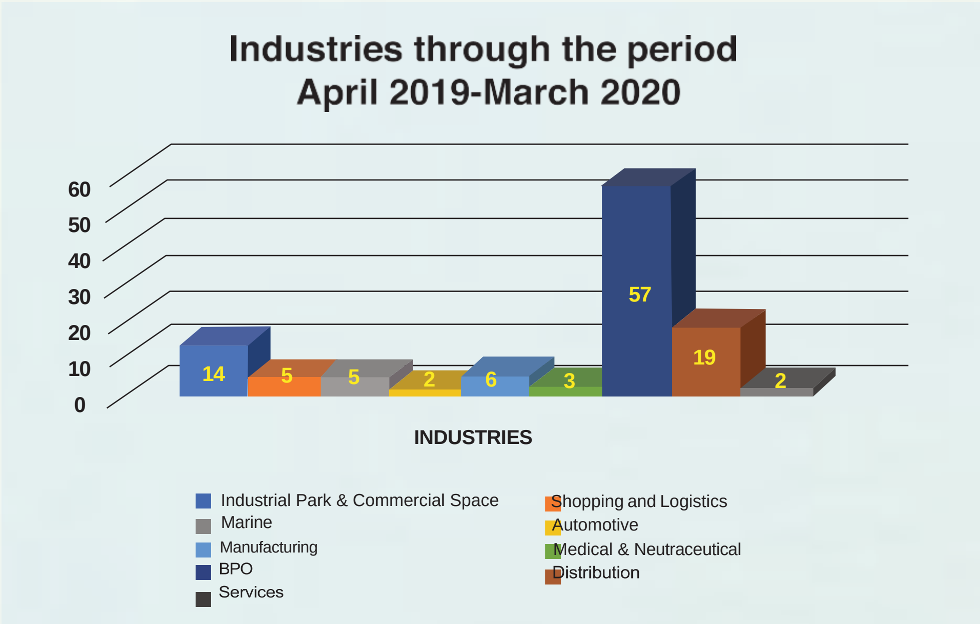
According to data gathered by the Unit in the fiscal year, 57 Business Process Outsourcing (BPO) entities were granted Approved Status; 19 Distribution companies entered the Regime; and 14 Industrial Parks and Commercial Spaces were developed.

These three (3) sectors represented approximately 80 per cent of all the industries in the SEZ Regime in the 2019/2020 financial year. In fact, the addition of 57 BPO entities in a single year, accounts for more than an accumulated 80 percent of the BPO centres within the SEZ Space.

The data also highlighted the increased appeal of the BPO sector. Robert Dechant, CEO of Ibex Global, a leading provider of Business Process Outsourcing Solutions, with major investments in the Caribbean, made Jamaica the location of choice for his company's Caribbean and Central American headquarters.

In 2018 he asserted that Jamaica's BPO sector was *"well positioned to be the leader for the Caribbean and Latin America"*, adding that the country's industry was *"much more than customer service phone personnel"*.

Figure 7. Industries through the period April 2019 - March 2020

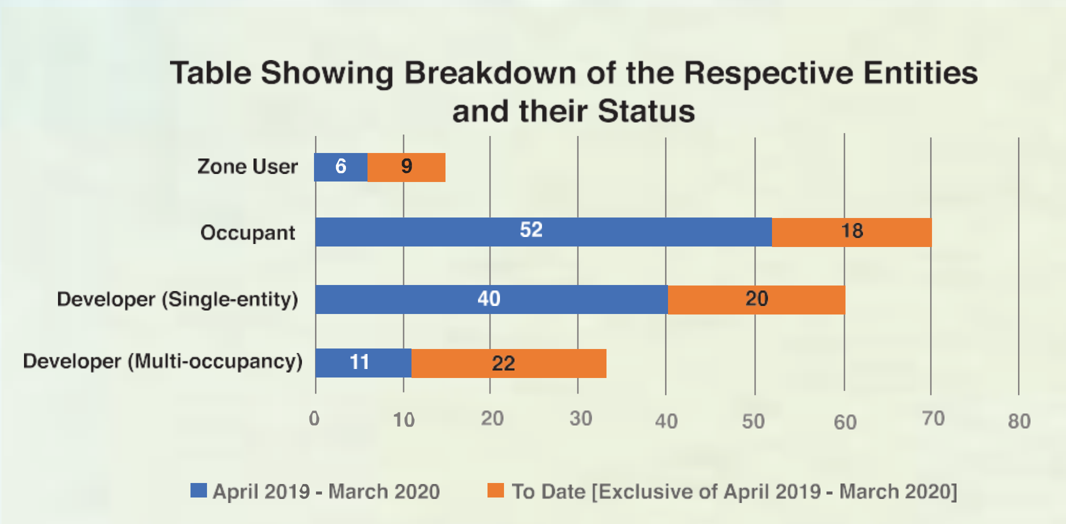


Approved Status vs Applications in Process

Figure 8 gives a breakdown of all businesses within the SEZ space. During the 2019/2020 fiscal year six (6) Zone Users were granted Authorisation Letters, representing 40 per cent of the overall number in this category. Fifty-two (52) Occupants received Operating Certificates, bringing the total number of Occupants operating in the Regime to 149, or 75 per cent.

Meanwhile, the addition of 20 Single-entity Developers and 22 Multi-occupancy Developers in the respective classifications, represented 67, and 33 per cent of the overall numbers in the community of Zone Users to date.

Figure 8. Breakdown of the respective entities and their status

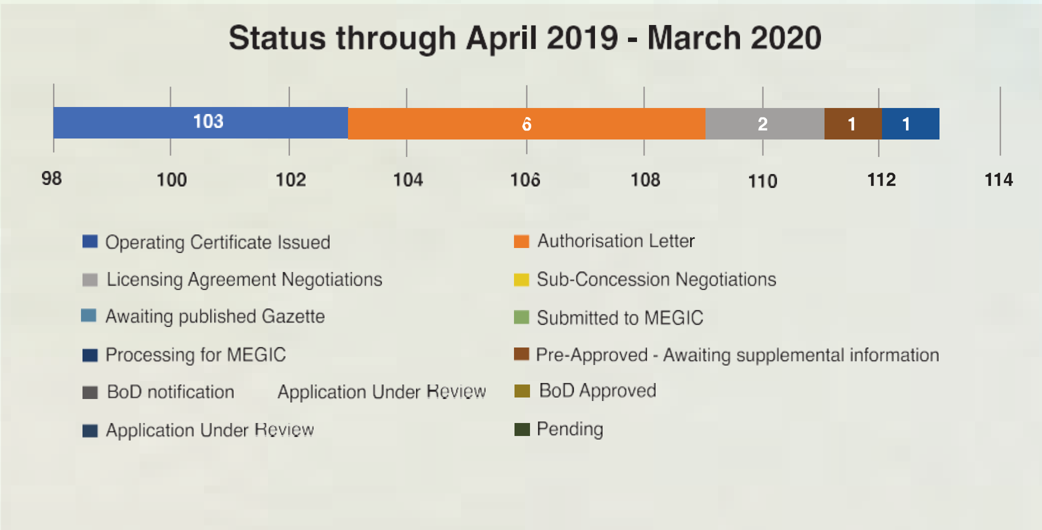


Breakdown of SEZ Application Status

The 103 Operating Certificates reported as having been issued in the course of the year were due primarily to the initial December 31, 2019 transitioning deadline for the expiration of the Free Zone "grandfather" clause[2].

Figure 9 below provides a breakdown of the status of the applications made at the end of the reporting period.

Figure 9. Status through April 2019 - March 2020



Business Acceleration Services

JSEZA's Business Acceleration Centre functions as a component of the Business Partner & Support Services Unit, in keeping with the dictates of the statute governing the operations of the Special Economic Zone Regime.

Given that the Authority was established as a strategic facilitator of local and foreign investment, the SEZ Act and Regulations mandated the establishment and maintenance of Business Acceleration Centres, to improve the ease and competitiveness of doing business.

This is in keeping with the terms of the WTO Trade Facilitation Agreement, under which the Government is charged with the responsibility of implementing measures "...to enhance the *value addition and efficiency of the country's trade services".*

JSEZA is therefore responsible for the management and operations of the Centres, in collaboration with its partnering border regulatory agencies, Tax Administration Jamaica and the Jamaica Customs Agency.

Vision

The Vision of the Business Acceleration Centres is: *"To develop a 21st-century system to deliver successful and satisfying outcomes to all stakeholders, and increase the country's competitive advantage, while promoting socio-economic growth...".*

[2] *The grandfather, or legacy clause made allowance for former operators of Free Zones to continue their activities as approved before the implementation of the SEZ Regime, until December 31, 2019, without loss of their legal entitlements. This deadline was subsequently extended to June 30, 2020.*

The successful delivery of state-of-the-art business facilitation services, coupled with the country's strategic attributes, will enhance investor satisfaction, and indeed, make Jamaica the place of choice to do business echoing the concept expressed in the National Development Plan.

The scope of the Business Acceleration Centres' operations is two tiered – comprising the One-stop- shop and the Aftercare Services.

Business One-Stop-Shop

During the reporting period prospective SEZ investors continued to receive assistance with concept development, information on available sites and business plan execution. Through public and private partnerships, the Business One-Stop-Shop expedited services to advance various company proposals to SEZ status.

Once onboard, SEZ users were provided with start-up guidance through interfaces with the Unit. In collab- oration with eGov, the virtual One-stop-shop is slated to progress into an integrated, digitised platform in the 2021/2022 fiscal year. This platform will afford SEZ entities access to all the services provided by the Authority's partnering agencies, via a single interface.

The targeted digitised service is just one among the Authority's pre-emptive initiatives in the pipeline, to develop procompetitive solutions to facilitate the ease of doing business within the Zones. This initiative will also assist in enhancing Jamaica profile as a multi- modal transshipment hub.

TECHNICAL SERVICES & INFRASTRUCTURE

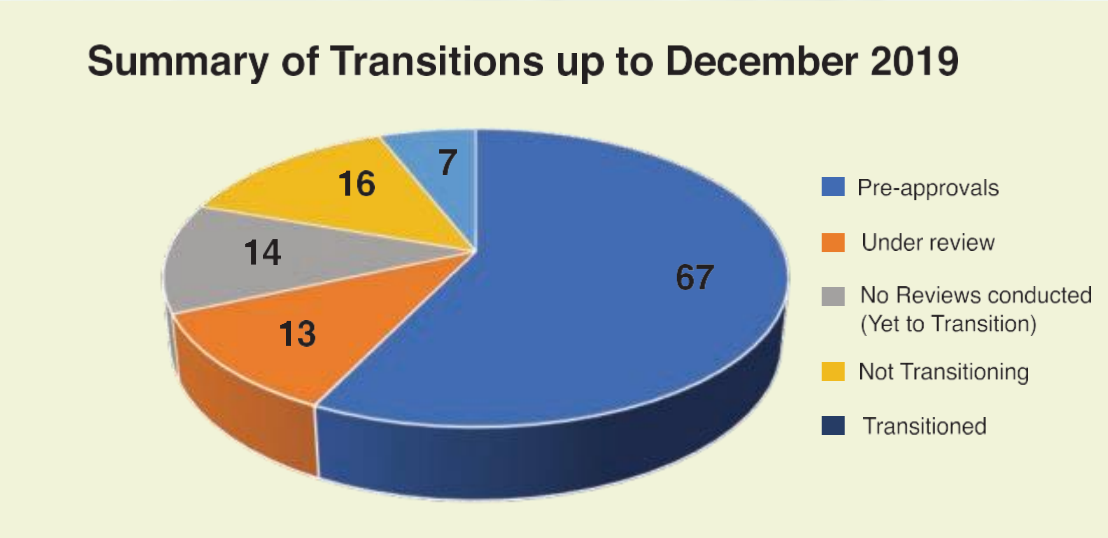
Sanvia Martin Bailey, Senior Director, TSI

The Technical Services & Infrastructure Unit (TSI) is at the core of JSEZA's growth initiatives. Among its areas of responsibility are:

- zone master planning;
- infrastructure development planning;
- land and construction management;
- estate management;
- enterprise asset management; and
- data capture, through its GIS operations.

During the reporting period, amid the transitioning of applicants from Free Zone status – focus continued on the review; evaluation; and approval of SEZ development plans from Master and Sub-concessionaires; geo-spatial data mapping; and the coordinating and packaging of projects for SEZ land vested in the Authority.

Figure 10. Transitioning activities up to December 2019



Application Reviews - Free Zone Applicants Transitioning to SEZs

By the beginning of December 2019, as part of an organisation-wide strategy, the Unit had evaluated and recommended pre-approval for approximately 57 percent of Free Zone entities, while seven (7) percent had fully transitioned. The grandfathering period was extended to the end of June 2020, at which point the remainder of the entities had been transitioned.

Approximately three (3) percent of the entities from the Free Zone Registry, did not opt to become a part of the SEZ Regime.

At the point of the transitioning exercise, the Unit was relied on to provide detailed clarification on the land ownership rights of the Free Zone companies. This was to ensure that the areas designated as Free Zones corresponded to survey diagrams, and/or existing Ministerial Orders.

Billing Details

During the reporting period, the Unit verified all land and building information for those applicants who had completed the Free Zone transition, or SEZ approval process, and were negotiating their Licensing-agreements.

Conceptual Designs

Once the majority of Free Zone entities had transitioned to the SEZ Regime, the Authority, through the TSI Unit, began the process of identifying large tracts of land. The objective of this exercise was to facilitate the implementation of the recommendations made in the Logistics Hub Master Plan for industry diversification: to stimulate economic growth; and to allow businesses to fully exploit Jamaica's strategic position.

To this end, a number of large Government-owned parcels of land were identified during the reporting period. The Unit subsequently initiated dialogue on the prospect of reserving or packaging this land to attract investors interested in developing large SEZ clusters. Against this background, the Authority is looking at the development of conceptual plans to garner investor interest.

The following are examples of these developments in the pipeline:

- **Creative & Media Park Cluster - Duncans, Trelawny**

The proposed project promises to be a media and creative hub to provide advanced iInfrastructure to foster growth in the industry. Providing a platform to allow Zone Users to work in synergy to unleash their creative instincts, is another of its priorities. In addition, the project is expected to lure large-scale movie producers and aspiring media professionals to the island.

Pharmaceutical and Nutraceutical Park - Lydford, St Ann

The proposed project will see the build-out of space for Research and Development (R&D); manufacturing; storage; pharmaceuticals; and nutraceuticals. The Nutraceutical Park is slated to be a multi-purpose platform for R&D in bio- related technologies; production; marketing; and trading.

This park will comprise the biotechnology research centre; incubation facilities; a service centre; and an agricultural-related biotechnology facility.

Energy, Technology, Research and Development - Inverness, Clarendon

The Zone is projected to be a green/eco-friendly SEZ with infrastructure for unique facilities to support a range of small, to large- scale Zone Users.

The Developer will promote an eco-friendly industrial environment, where tested concepts and practices are adopted to recycle waste, and enable companies to utilise each other's by-products, instead of disposing of them. Renewable energy sources will also be included in the infrastructure, to guarantee reliable and clean power.

ArcGIS Enterprise Implementation

As part of its core functions the Unit spearheaded the implementation of ArcGIS Enterprise Implementation Software, consisting of the ArcGIS Server, Portal Jumpstart Software and Web Adaptors.

The sole distributor, Spatial Innovation Limited completed the configuration and synchronisation of the server with JSEZA's Local Server unit. The database and client interface for the exchange and internal publishing of data were also updated.

The Authority subsequently engaged Spatial Innovation to supply and install the ArcGIS portal licence to facilitate Field Mobility and Collector applications. The objective was to enable Units within the Authority to use hand-held devices to collect data, and upload the information directly to the ArcGIS Cloud or JSEZA server.

During the review period, the Unit also ensured that the following activities were undertaken:

- synchronising the ArcGIS Portal with the JSEZA Local Server;
- training IT staff and the Urban Planner as administrators of the system;
- migrating existing datasets to JSEZA's ArcSDE (Spatial Database Engine) Application Server; and
- completing the migration of existing datasets.

The Geographic Information System continued to play a pivotal role in the TSI Unit's work during the reporting period:

- A total of 11 projects was completed or supported by the use of GIS.
- Seven (7) GIS/GIS-related projects were in progress.
- Fourteen (14) static maps were created in 2019, and 33 in 2020.
- Six (6) web maps and six (6) web mapping applications were developed in 2020.
- A total of 10 maps were received from other governmental agencies and 33 datasets were obtained.

JSEZA WINS BID TO HOST THE CONFERENCE OF WORLD FREE ZONES

JSEZA Senior Director TSI (left) Sanvia Martin Bailey; CEO, World Free Zone Organisation (WFZO), Dr Samir Hamrouni; Regional Director, Jamaica Tourist Board, Odette Soberam Dyer; Chairman, Board of Directors, WFZO, Dr Mohammed Alzarooni; Chief Operating Officer, JSEZA, Gary Scott; & Director, Operations, WFZO, Suresh Podeval. ***PHOTO: JIS. July 2019***

In 2019, the Authority was chosen by the World Free Zones' Organisation to host its 7th Annual International Conference and Exhibition, scheduled to take place in July 2021. The five day event, which will include workshops and training sessions is expected to attract approximately 1,500-2,000 international participants.

Having received the bid invitation a mere five (5) weeks prior to the April 29, 2019 deadline, the Strategic and Technical Services Units worked assiduously to develop the proposal, together with our stakeholders who were integral to the process:

- Ministry of Economic Growth & Job Creation;
- Ministry of Foreign Affairs & Foreign Trade;
- Jamaica Tourist Board – in consultation with the Ministry of Tourism;
- Ministry of Finance & the Public Service;
- The Attorney General's Chambers;
- Jamaica Promotions Corporation;
- Montego Bay Convention Centre;
- The Mayor of Montego Bay and representatives from the St. James Municipal Corporation; and
- Sangster International Airport.

At the Conference in Barcelona, Jamaica's presentation was received with acclaim and declared the winning bid at the closing ceremony. The data show that Free Zones and Special Economic Zones currently account for more than 30 per cent of world trade. Therefore, being chosen to host the conference was lauded as a significant achievement for a developing country like Jamaica.

Outcomes

- Notification of Jamaica's success was circulated in the World Free Zones' Newsletter.

- News releases were published in the Jamaica Observer as well as The Gleaner, and reports were posted on the Jamaica Information Service's website.
- The Authority is currently in the process of coordinating ongoing interfaces to develop strategies to capitalise on the potential investment opportunities arising from the hosting of the event.

Montego Bay Convention Centre

The Montego Bay Convention Centre was selected as the venue for the conference and exhibition. This will offer JSEZA a platform to showcase Jamaica to an international audience, and as a medium for forging global networking linkages.

Given the scope of the planned displays, the event will also signal to the international community that Jamaica is poised for development in multiple sectors, including manufacturing; logistics & distribution; and Research & Development.

As part of the local organising team, the TSI Unit was integrally involved in the planning meetings and preliminary preparations for the event during the reporting period. However, the handover to Jamaica, scheduled to have taken place at the 6th Annual International Conference and Exhibition in Dubai, between April 6 and 8, 2020, was cancelled due to the COVID-19 pandemic, and a virtual session held in its place.

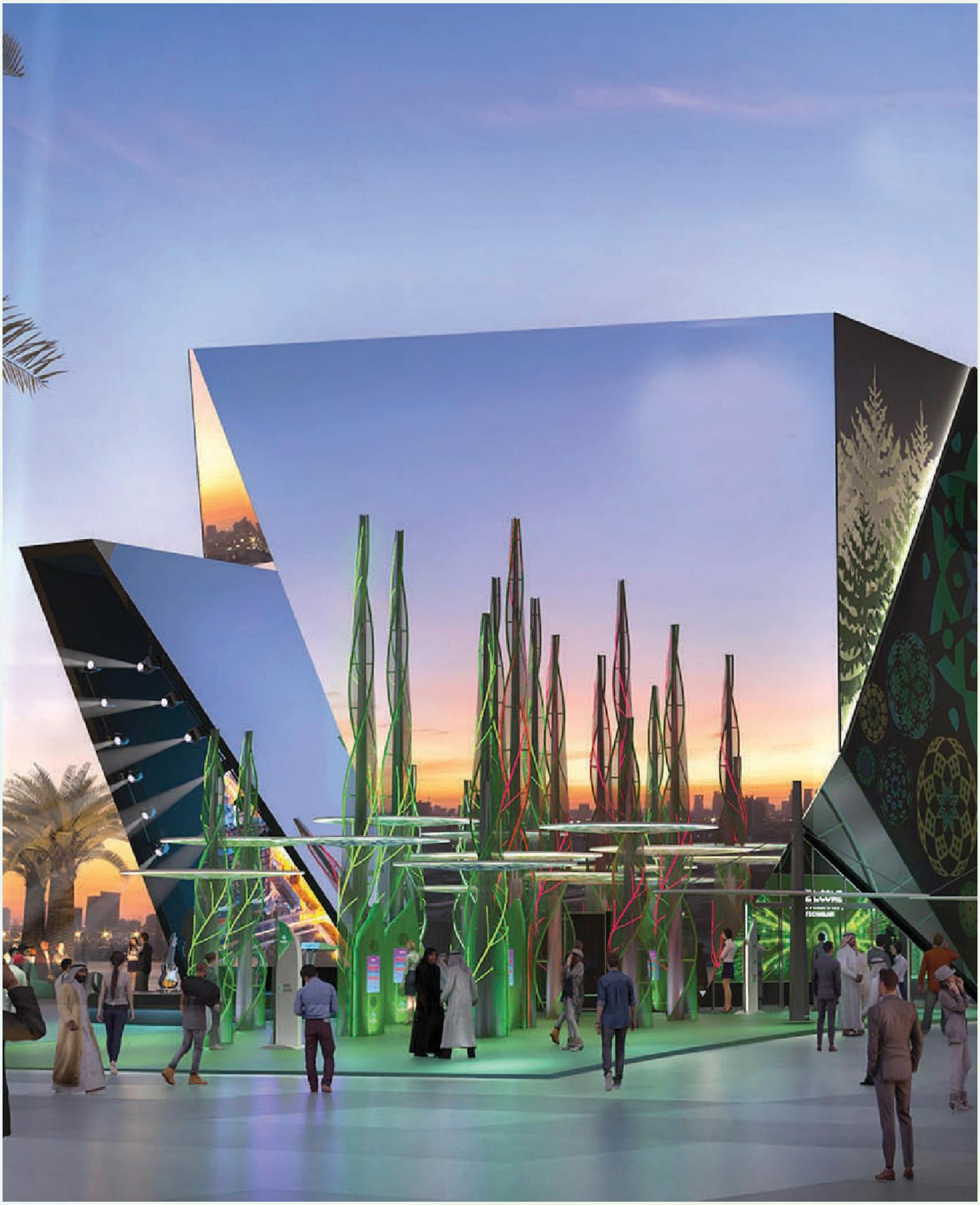
World Expo 2020 - Dubai

The Authority worked with the Jamaica Tourist Board, Ministry of Foreign Affairs & Foreign Trade and the Ministry of Sports & Culture in preparation for the prestigious World Expo planned in Dubai, United Arab Emirates for a six (6) month period, between October 2020 and April 2021.

The Expo is slated to be held under the theme "Connecting Minds, Creating the Future", highlighting: Opportunity and Sustainability. Jamaica's chosen sub-theme was "OPPORTUNITY", and Chief Executive Officer, Dr Eric Deans was nominated as the Deputy Commissioner of Jamaica's team for the event.

Jamaica's concept document prepared by the team, focused primarily on the country as a tourism destination showcasing its art; culture; food; and history. However, following discussions with the Jamaica Tourist Board and the Ministry of Foreign Affairs & Foreign Trade, changes were made to create more visibility, in a bid to attract larger visitor numbers to the pavilion.

Photo: Montego Bay Convention Centre



REGULATIONS, POLICY, MONITORING & ENFORCEMENT (RPME)

"A Zone is only as strong as the regulation it provides... It demands good governance tools to ensure adequate compliance ...Along with concrete incentives, specific regulation is one of the more effective tools to attract investors."

In keeping with the premise expressed by Dr Samir Hamrouni, CEO of the World Free Zones' Organisation, that embedded Zone regulations and good governance will shape a model capable of stimulating sustainable economic growth, the SEZ Act mandates the establishment of a structured Monitoring Framework for the evaluation of SEZ enterprises on an ongoing basis.

Building on the groundwork laid in the 2018/2019 fiscal year, the RPME Unit took proactive steps to fast-track the development of the Regulations, Policy, Monitoring & Enforcement Guide, which was launched during the reporting period.

In tandem with this, JSEZA's Economic Development Policy, against which Zone performance is evaluated in the monitoring process, was completed and approved by the Board.

Monitoring Framework

The guiding philosophy of the Monitoring Framework is: "Educate, Facilitate and Regulate". It seeks to elicit self-compliance and as such is client-friendly, while compellingly stating the legal obligations of SEZ Developers and Occupants.

The Framework is based on three (3) pillars

- Self-reporting
- Inspection
- Verification

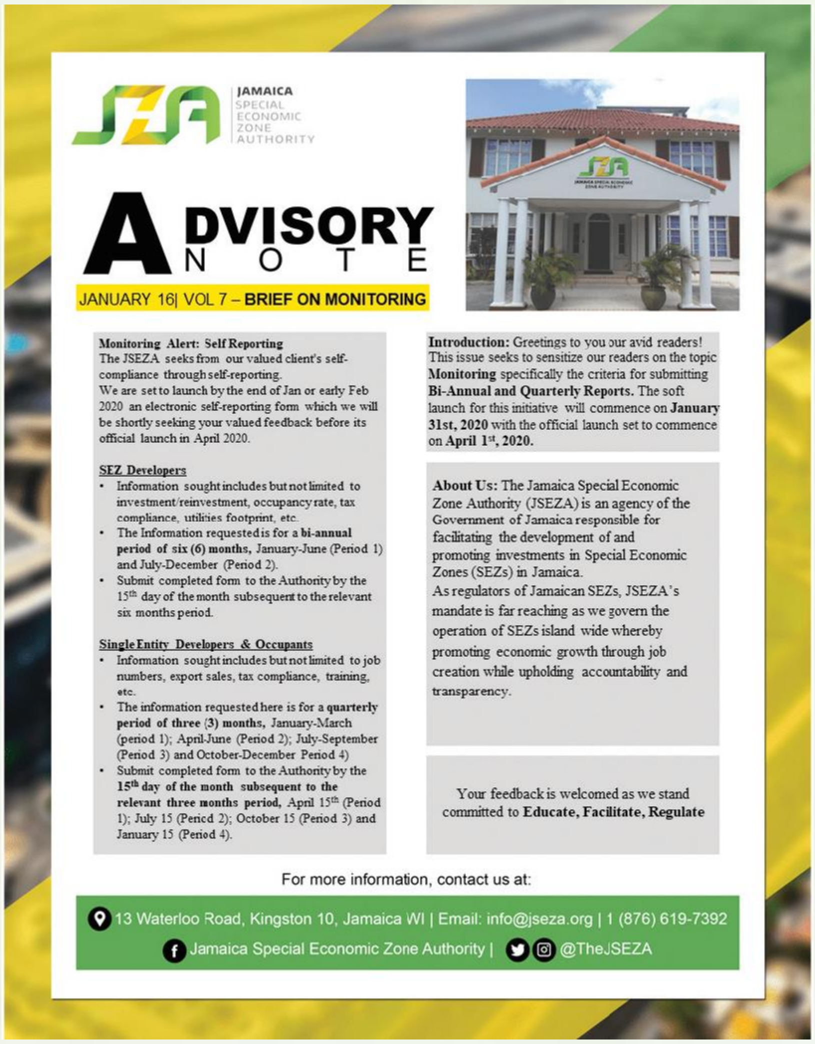
Where there is a lack of compliance, established protocols are in place for corrective action to be taken before resorting to suspension, non-renewal of licences and fines.

Sensitisation Sessions

Ainsley Brown, (Left) Senior Director, RPME; and Licia Grant, Senior Director, BPSS, address JSEZA's Sensitisation session targeting Developers and Occupants, highlighting the importance of monitoring and compliance, and the role of the Business Partner & Support Services Unit in tracking the economic impact of the SEZ Regime to the Jamaican economy and providing Aftercare services to SEZ community. ***PHOTO: JIS. February 2020***

To reinforce the need for compliance the RPME Unit, in collaboration with supporting regulatory agencies and in-house Units, hosted routine face-to-face sensitisation sessions island wide throughout the review period.

These sessions served as a platform for sharing general information on the SEZ Regime. However, the presenters continued to deliver the "compliance" message that by virtue of the fiscal incentives granted by the Government under the Licensing-agreement signed with the Authority, Zone operatives are legally required to fulfil their statutory and other obligations.



JAMAICA SPECIAL ECONOMIC ZONE AUTHORITY

ADVISORY NOTE

JANUARY 16| VOL 7 – **BRIEF ON MONITORING**

Monitoring Alert: Self Reporting
The JSEZA seeks from our valued client's self-compliance through self-reporting.
We are set to launch by the end of Jan or early Feb 2020 an electronic self-reporting form which we will be shortly seeking your valued feedback before its official launch in April 2020.

SEZ Developers

- Information sought includes but not limited to investment/reinvestment, occupancy rate, tax compliance, utilities footprint, etc.
- The Information requested is for a **bi-annual period of six (6) months,** January-June (Period 1) and July-December (Period 2).
- Submit completed form to the Authority by the 15th day of the month subsequent to the relevant six months period.

Single Entity Developers & Occupants

- Information sought includes but not limited to job numbers, export sales, tax compliance, training, etc.
- The information requested here is for a **quarterly period of three (3) months,** January-March (period 1); April-June (Period 2); July-September (Period 3) and October-December Period 4)
- Submit completed form to the Authority by the **15th day of the month subsequent to the relevant three months period,** April 15th (Period 1); July 15 (Period 2); October 15 (Period 3) and January 15 (Period 4).

Introduction: Greetings to you our avid readers! This issue seeks to sensitize our readers on the topic **Monitoring** specifically the criteria for submitting **Bi-Annual and Quarterly Reports.** The soft launch for this initiative will commence on **January 31st, 2020** with the official launch set to commence on **April 1st, 2020.**

About Us: The Jamaica Special Economic Zone Authority (JSEZA) is an agency of the Government of Jamaica responsible for facilitating the development of and promoting investments in Special Economic Zones (SEZs) in Jamaica.
As regulators of Jamaican SEZs, JSEZA's mandate is far reaching as we govern the operation of SEZs island wide whereby promoting economic growth through job creation while upholding accountability and transparency.

Your feedback is welcomed as we stand committed to **Educate, Facilitate, Regulate**

For more information, contact us at:

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Jamaica Special Economic Zone Authority | @TheJSEZA

The RPME Unit also adopted another channel for disseminating critical information on its ongoing compliance related monitoring initiatives, in the form of Advisory Notes. Introduced in July 2019, these monthly Advisories continued to reiterate that SEZ monitoring formed part of the data-driven process, to aid the Government in assessing the efficiency of the Special Economic Zone Regime in promoting economic growth.

The Notes are theme-based. For example, the first Advisory issued to the community of Zone Occupants was a brief on the rationale for the monitoring process. It cited that the SEZ Regulations had mandated its establishment as a legislative requirement. Among other things, the Note highlighted that the strict reporting requirements facilitated the Government's ability to track critical issues such as job creation numbers.

The Authority views consistent reinforcement of its regulatory role and compliance message as vital. This is so not only because the SEZ statute mandates it, but also because of the significant percentage of Operators who transitioned from the Free Zone Regime, where no such legal requirements were typically enforced.

Unlike the Free Zone Regime, the JSEZA machinery conducts routine audits to ensure fiscal compliance on the part of Zone operatives. The objective is to determine whether they are adhering to their contractual agreements and to assess the economic, social and environmental impact of their operations.

Self-reporting

In the interest of creating an interactive environment, the RPME Unit also sought feedback from Zone users on various issues through the Advisory Notes, as was done prior to the planned implementation of JSEZA's electronic Self-reporting Form. The Form was scheduled to have been launched in April 2020. However, the launch was deferred until October, in light of the onset of the COVID-19 pandemic.

In a bid to ramp up its monitoring efforts, the Self-reporting Form for SEZ clients' use will be launched in the first quarter of the 2020/2021 fiscal year.

One of the Unit's watchwords is "Facilitation", rather than "Penalisation". Therefore, the philosophy behind the introduction of the Self-reporting Form was voluntary compliance - the idea of SEZ occupants recognising the need to hold themselves accountable.

Site Inspection

Yet another monitoring procedure to be enforced in the upcoming fiscal year, as part of the Unit's strategy to strengthen its monitoring efforts, is Site Inspection.

Under the SEZ Regulations, designated JSEZA operatives, as well as representatives from the Jamaica Customs Agency, Tax Administration Jamaica and the Jamaica Fire Brigade, are empowered to conduct verification exercises within the Zones.

Providing access to SEZ records for auditing purposes is also a requirement in order to ensure accountability within the Regime.

CONFAB - Senior Legal Officer, Chantal Bennett; Ainsley Brown, Senior Director, RPME; Dr Eric Deans, CEO; and Operations Manager, Jamaica Customs Agency, Bridgette Pinnock, share a moment following the February 21, 2020 Sensitisation session, which stressed the need for voluntary compliance, and highlighted the role of JSEZA's partnering agencies in the process. ***PHOTO:JIS. February 2020***

STRATEGIC PLANNING & RISK MANAGEMENT


Renée Chin Johnson,
Director of Strategic Planning and Risk Management

The Unit became operational in October 2019 with the onboarding of its Director, Strategic Planning & Risk Management. With this, the Authority sought to enhance its compliance with reporting requirements, and to build on relationships already established with its portfolio Ministry, the Ministry of Economic Growth & Job Creation.

This Unit will facilitate effective decision-making; planning and project management; data capturing; and analysis of the performance of the Authority; as well as efficiently manage enterprise-wide risks. The Unit garnered support from the office of the Chief Operating Officer to advance its planning efforts for the key projects it would administer under JSEZA's Strategic Plan.

Implementation of a Quality Management System

The Authority, as the regulator of Special Economic Zones in Jamaica, strives to maintain a high standard of service within the SEZ community. The significance of a Quality Management System was therefore acknowledged as an instrument to improve overall performance, and provide a sound basis for sustainable development initiatives.

Conceptually, the SEZ Regime seeks to drive economic growth and employment, exports and trade. Therefore, upholding best practices across the local SEZ sector, which can withstand international scrutiny - while enhancing our attractiveness for investment, is critical.

As such, attaining the ISO 9001:2015 (International Organisation of Standardisation Quality Management) certification is being pursued by the Authority.

The planning for this project began in the fourth quarter of the 2020/2021 fiscal year, and it is expected to be fully implemented in the following year.

Implementation of an Enterprise Risk Management System

As the Authority continues to evolve, it has been deemed necessary to implement an Enterprise Risk Management System to manage the risks associated with strategic goals and objectives, as well as daily operations. Thus, initiating a strong risk-based culture was promoted.

Based on this, it was agreed that such a framework, grounded in international best practices, that is, ISO 31000 Risk Management, would be beneficial. The aim of its implementation is to prepare for unexpected occurrences and mitigate the negative impacts, as well as to utilise the positive impacts.

Excerpts from the GOJ ERM Policy, 2019

To establish the Government's framework for effective risk management, the Cabinet by way of Decision #23/18 approved an enterprise-wide approach to risk management. This Enterprise Risk Management (ERM) Policy sets the structure and tone for ERM within public entities. The Policy also establishes the authority, responsibilities and accountabilities for the Head of Entity, Board, executive management, and other staff. This Policy is designed to assist government entities in meeting the requirements of the Financial Administration and Audit Act and Financial Management Regulations (2011) ("Regulations') section 144, which provides for an effective risk management process to guide the identification and treatment of risks in government departments.

CORPORATE SERVICES

The role of the Corporate Service Unit is to provide operational support to all the business Units within the Jamaica Special Economic Zone Authority. The team is passionate about public service; professionalism; integrity; and practising ethical behaviour -both internally and externally. The Unit comprises Human Resources; Procurement; Administration & Office Services; Finance & Accounts; Stakeholder Relationship Management; Communication, and Information Technology; & Records Management.

Amorley Hibbert, Senior Director, Corporate Services

Human Resource's (HRs) primary area of focus is on capacity building, with the aim of enabling the success of the Authority's Strategic objectives. During the reporting period, the organisation's staff complement and programmes were strengthened with the addition of effective resources, management processes and upgraded technology to maximise efficiency and productivity.

HR's primary initiative in the fiscal year was to implement JSEZA's Corporate Workforce Plan (2017-2020), the key elements of which included:

- Talent Management - attracting and retaining a diverse, innovative and skilled workforce to build a world-class organisation;
- Knowledge Capital - leveraging learning as a competitive advantage in building a strong and sustainable workforce for today and the future; and
- Productivity/Performance - optimising individual and organisational performance, using key performance indicators and developmental programmes.

Ongoing Institutionalisation of the Authority

Having regard to the scope of JSEZA's core operations, the Human Resource Unit spearheaded a re-evaluation exercise, and developed a proposal, together with detailed job descriptions, which were submitted to the MinistryofFinance&thePublicServiceforconsideration.

Staff Internship Programme

In the interim, the Authority took the decision to adopt an innovative strategy to address the challenges of recruiting and retaining competent and experienced personnel.

A vibrant Internship Programme was established which resulted in a ready, and committed talent pool. The eight (8) young university graduates recruited to fill the positions were among those who had displayed exceptional academic prowess and exhibited a willingness to learn.

Meanwhile, a merging of responsibilities and processes had been effected and the roles created were assigned to senior officers, resulting in their promotion. These senior officers were supported by 18 recruited staff members – thereby ensuring knowledge transfer, together with continued mentorship and training, conducted both internally and externally.

Legal Consultants Engaged to Support Transitioning Process

In order to support the Authority's Legal Unit, consultants were hired to undertake the additional workload, based on the transitioning exercise for the SEZ regime. Two (2) internal legal consultants and three (3) external consultants were hired as a result, and they were instrumental in facilitating the transitioning of Free Zones to Special Economic Zones.

Employee Handbook

The Employee Handbook was developed and ratified by the Board of Directors in the fiscal year, following which it was disseminated to staff. Sensitisation staff sessions were subsequently held to allow for discussion and clarification.

Finance & Accounts

Finance and Accounts plays a critical role in partnering with the Executive team and the Board of Directors, in the strategic planning and management of the Authority's financial resources, including the SEZ Fund. The Unit manages Financial Accounting; Payables and Payroll; Budget; Investment and Receivables; as well as the formulation and administration of policy for all areas within the span of fiscal control.

Ensuring compliance with statutory, regulatory and corporate reporting requirements, together with timely, accurate preparation of financial statements and periodic management reports, also fall under the Unit's purview. During the reporting period, the Unit was integral to the development of the Fund Management Policy & Procedures, which were and approved by the Board, and by the Accountant General's Department.

Training and Development

Given the negative publicity in recent times relating to Government agencies whose operations have come under the microscope for financial impropriety, the Authority was keen to apprise its management team and Board of Directors of their obligations under the ***Corporate Governance Framework*** during the reporting period.

As JSEZA is still in the institutionalisation phase, it was regarded as imperative for all front-line officers, directors and managers be exposed to training in the fundamental elements of the Framework. All Public Bodies are now required to adhere to its principles, in order to promote effective systems of control and accountability.

The Human Resource Unit therefore organised training sessions for the groups targeted and e-Procurement interfaces for the Procurement team were also scheduled.

Training in GoJ Public Procurement Policy & Procedures

The training intervention on the Government of Jamaica's Public Procurement Policy addressed the rudiments of the Policy, detailing:

- its purpose, and modus operandi;
- the legislative framework; and
- the inter-relationship among the oversight bodies.

Beginning with a broad definition of Public Procurement, as the ***"acquisition of goods, services and works, by any method, using public funds"*** – the session highlighted the Policy's fundamental principles underscored by transparency; integrity; fairness; and obtaining value for money expended from the public purse.

Participants were also given an overview of the roles of the oversight bodies:

- the Ministry of Finance & the Public Service, which is responsible for the development of the Policy, and under whose purview the monitoring and maintenance of the Public Sector Procurement Reporting System falls;
- the Public Procurement Commission, tasked with ensuring fairness and transparency in the process, and establishing and maintaining a mechanism for the registration of contractors;
- the Integrity Commission, which investigates and monitors the Contract Awards' process on behalf of Parliament; and
- Cabinet, which among other functions, has exclusive responsibility for approving contracts above $60 million.

Public Procurement

The Public Procurement section is responsible for ensuring compliance with internal procurement guidelines, as well as those established by the Government, through the Public Procurement Commission, and the Office of the Contractor General's Integrity Commission. In this context, a major component of the Unit's function is to obtain value for money, and to mitigate any adverse risk to the Authority that could result from breaches or non-compliance with Government's Procurement Guidelines. The new Procurement Unit is aligned with GoJ's mandate, and is staffed by personnel trained and certified in Public Procurement. To the Authority's credit, a review of the records prior to the restructuring exercise, showed that the procurement practices utilised in the acquisition of goods, services and works, all adhered to the prescribed thresholds.

Workforce Development

Workforce development, which is central to Corporate Services' core responsibilities focuses on four principal factors of labour management: human capital development; labour force supply; labour cost; and labour relations.

Human Capital Development - Foreign direct investment is a major contributor to Jamaica's economic growth. Developing skilled human capital, through targeted training programmes and knowledge transfer is one of the key factors FDIs take into account when targeting investment in a country. As such, the Corporate Services Unit is playing a key role in collaborating with local and international vocational and academic institutions, in an effort to equip Jamaica's workforce with the skills needed to function in today's "knowledge economy". The overarching objective is to increase efficiency; productivity; and the overall growth of the SEZ Regime.

Administrative & Office Services is the support arm of the Corporate Services Unit which ensures that the office and external space is well maintained, and that equipment and resources are always functional. It also has responsibility for ensuring that staff welfare is addressed through the promotion of various activities.

Upgrading Initiatives Completed

- Extensive renovation to the physical space resulted in the establishment of Annexes 1 & 2 to accommodate the burgeoning staff complement in the fiscal year.
- A Records and Documentation Centre was established.
- In order to facilitate the increase in staff a new 1000 gallon water tank was installed.
- The Authority purchased its first motor vehicle, which among other functions, has continued to facilitate site visits by JSEZA's officers.

Stakeholder Relationship, Management & Communication continued to provide strategic operational guidance for investment promotion and communication during the period under review. The programmes implemented and managed by the Unit are designed to ensure that the Authority's Mission is achieved, and that the public's perception of the organisation remains positive.

The Information Technology & Records Management Unit exists to support the technology and information systems that align the IT infrastructure with JSEZA's business objectives. The business objectives being, the matter of regulating Special Economic Zones, creating a sustainable economic landscape and a customer- centric environment.

Strategic focus is placed on information that is relevant to JSEZA's success, and showcasing this to both internal and external stakeholders, so as to garner investor interest. In the 2018/2019 financial year, the Authority procured and deployed key ICT tools which have enhanced productivity and efficiency; increased collaboration; improved cost management; and heightened data security – leading to improved customer satisfaction.

Building on these initiatives, during the review period an online ***Single Electronic Window*** was established to afford SEZ clients greater ease of doing business. A Virtual Private Network (VPN) was also put in place, which expanded the build-out of additional software to the Great Plains and Smart Pay systems utilised by Finance & Accounts.

LEGAL SERVICES

The Legal Services Unit has actively engaged in various legal matters, including proposed amendments to SEZ legislation, amendment to the Third Schedule of the SEZ Act, negotiations related to the proposed Singapore Bilateral Agreement, World Free Zone Organization (WFZO) Agreement, and addressing updates to the Rules of Origin. Additionally, the Unit's efforts in transmitting bills, providing comments, and following up with relevant stakeholders demonstrated its commitment to fulfilling the legal requirements of The Authority.

Proposed Amendments to the SEZ Legislation

The Unit created a draft matrix for the suggested amendments to the SEZ legislation. The matrix was consolidated with recommendations from the OECD Forum for Harmful Tax Practices (FHTP). The recommended amendments underwent stakeholder review (including MEGJC, Tax Administration Jamaica) followed by review by the Board and Parent Ministry. It is anticipated that this legislative amendment will be finalized in the upcoming year.

Singapore Negotiations

The Unit has been actively involved in negotiations with the Singapore Cooperation Enterprise to finalize the proposed Singapore Bilateral Agreement. Meetings were held with representatives from Singapore, the Ministry of Economic Growth and Job Creation, the Ministry of Foreign Affairs and Foreign Trade, and the Attorney General's Chambers to revise the draft bilateral arrangement.

In December 2019, the Memorandum of Understanding (MOU) between The Authority and Singapore Cooperation Enterprise expired, prompting The Authority to propose its renewal to the Parent Ministry. Additionally, in March 2019, The Authority submitted an exemption request for procurement to the Ministry of Finance and the Public Service The Ministry provided comments on a draft Cabinet Submission related to this request in July 2019. Subsequently legal advice was sought by the Ministry on potential courses of action.

Rules of Origin

On November 28, 2019, the Authority met with a Trade Consultant. This expert consultant played a pivotal role in developing a framework aimed at identifying potential areas for enhancing market access not only for Jamaica but also for companies operating within SEZs. As of now, the Consultant is in the final stages of refining this framework, which holds great promise for the future.

In December 2019, a high-level ministerial meeting took place including the Minister of Finance and the Public Service, as well as the Minister of Foreign Affairs and Foreign Trade. The primary focus of this meeting was to delve into the application of Rules of Origin specifically concerning goods manufactured in Special Economic Zones (SEZs). During the meeting, the Honorable Ministers proposed a proactive approach by suggesting the writing of letters to highlight and outline the challenges encountered in implementing the Rules of Origin for goods originating from SEZs.

By engaging in these strategic meetings and collaborating with experienced professionals and stakeholders, the Government of Jamaica demonstrates its commitment to foster economic growth, increase market access, and create a conducive environment for businesses within the SEZs. The efforts made by the Honorable Ministers and various departments are a testament to their dedication in shaping a prosperous future for the nation's economy and international trade.


GOALS
RESOURCES
MARKET
CSR
CORPORATE
SOCIAL
RESPONSIBILITY
INTEGRITY
ETHICS
LONG TERM
SINCERITY
SUSTAINABILITY
RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY (CSR)

JSEZA's CSR policy provides a decision-making framework in relation to procedures, services and approaches to the Authority's internal business operations, anchored in the following three (3) pillars:

- the Environment;
- Social and Economic values; and
- Our People.

Each CSR principle addresses a specific aspect of JSEZA's internal operations.

The Environment - here references initiatives aimed at minimising the Authority's environmental footprint. During the reporting period, JSEZA continued its efforts to move closer to environmental sustainability. This was evidenced by decreasing corporate greenhouse gas emissions; increasing low impact development at our facilities; increasing water use efficiency; as well as waste reduction and waste diversion.

Social and Economic - The Social and Economic pillar addresses initiatives to support social and economic values. These include initiatives for ensuring local vendor development in the case of backward linkages to the economy, and embedding community benefits into current vendor contracts.

Krissan Meredith, Urban Planner (TSI) hugs Mission House Basic School student as she eagerly clutches her "larger-than-life'' gift.

Our People - Our People references efforts to inspire social responsibility in our employees. Ongoing initiatives during the review period included: advocating ethical human resource practices beyond those required by legislation; the summer youth employment /apprenticeship programmes; implementing psychological health and safety initiatives for workforce employee volunteerism; and fundraising.

13-Nights

These pragmatic initiatives notwithstanding, in keeping with the HR Unit's philosophy of engendering work/life balance, spearheaded 13-Nights, a vibrant after work Friday Lyme, attracting staff and stakeholders alike. These fun-filled nights featured entertainment, dancing and sumptuous fare.

The night's festivities get a clear thumbs-up from Dr Deans… with absolutely no argument from Nadine Seaga and Kevon Farquharson, Manager, Business Facilitation & Acceleration Services.

In addition to providing an informal atmosphere for mingling and networking, these sessions also created a platform for highlighting and ministering to the less fortunate. The inaugural event on December 13, which was a resounding success, featured Christmas treats collection for Mission House Basic School, Gordon Town, St. Andrew students, and each JSEZA employee "adopted" a child.

CAYMANAS SPECIAL ECONOMIC ZONE – A PROFILE

A purpose-built smart city, hosting commercial, residential and recrectional facilities

The Government of Jamaica will be inviting qualified investors to submit proposals by the fourth quarter of 2020 to develop the Caymanas Special Economic Zone (CSEZ), billed as the flagship project, under the Global Logistics Hub Initiative.

Businesses located within the CSEZ will benefit from world-class connectivity, as well as ultra-modern on and off-site infrastructure, with major road networks, including the Mandela Highway, Highway 2000, and the North-South Highway, feeding into the Zone from various points of entry. Conceptualized as the economic driver for the interconnected development of an upscale urban centre, it will embrace the "work-live-play" concept adopted in the design of renowned international Zones in Singapore and Dubai. As such, commercial; residential educational; health; and recreational facilities will be included in the planning.

The CSEZ is to be located near the Port of Kingston, within close proximity to the Norman Manley International Airport, thereby facilitating the transport and logistics service needs, typically generated by activities within Special Economic Zones. Moreover, its proposed location interfaces directly with the business districts of Kingston, Portmore and Spanish Town.

With Government working with prospective private sector investors – Caymanas promises to be a game-changer. Within the ambit of the SEZ Regime's legal, regulatory and institutional framework, it is poised to open up new horizons in Jamaica. As such, it is well positioned to become a hub of international business in the Caribbean, the Latin America region, North America and beyond.

Background

The initial pre-feasibility study on the CSEZ presented to the Government of Jamaica supports this. The report examined the proposed project within the context of Jamaica's Global Logistics Hub Initiative, and the fact that it would operate within the country's newly established Special Economic Zone Regime.

Thereafter, a second feasibility study conducted by the International Development Group (IDG), in partnership with Gensler and Fluid Systems Engineering in February 2019, analysed the technical, financial and environmental features of the CSEZ. This study also included a preliminary market analysis to project the demand to be expected from potential private investors.

A National Priority Project

Now designated as a national priority project under the Logistics Hub Initiative, a 17 member Enterprise Team approved by Cabinet will oversee its operations, with JSEZA's Logistics Hub Unit as the Secretariat, charged with the project's implementation.

Initiatives Completed to Date

- GoJ has engaged IDB Invest to structure the concession scheme for the project

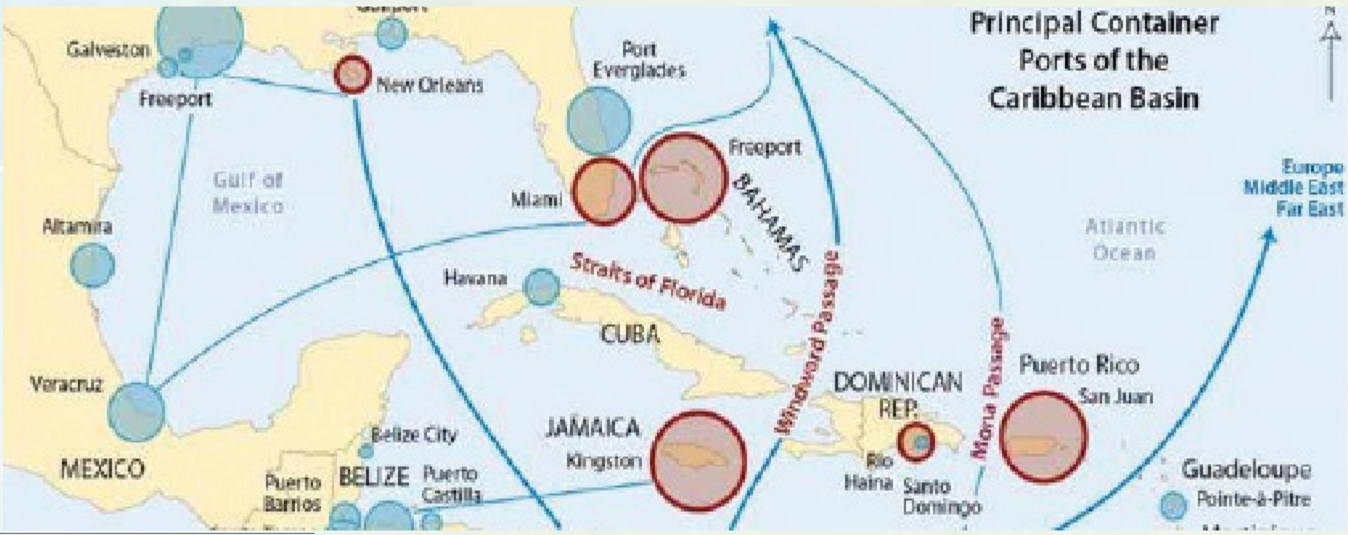
- IDB is to review the Feasibility Study and identify the financial, legal and marketing aspects that need to be developed to improve the project's "bankability".
- Consultants (Castalia Group) have been engaged by IDB to review the project proposal, prepare collateral material and establish the website for the SEZ Developers' Conference scheduled to take place in July 2019.
- The consultants have been updated on the Logistics Hub Initiative and the SEZ legislative requirements that prospective Developers' will need to meet.

SEZ INDUSTRY PRIORITISATION PROGRAMME

Building on industry analyses initiated in the 2018/2019 fiscal year, spearheaded by the Regulations, Policy, Monitoring & Enforcement Unit, the Authority completed Phases 1 and 2 of its **Industry Prioritisation Programme**, dubbed the P3+ Framework during the reporting period.

In keeping with the Government's vision for the country's growth trajectory, of transforming it into a logistics-centred economy through the Global Logistics Hub Initiative – **"JSEZA is positioning Jamaica to capture a greater market share and increase its competitiveness through the P3+ Industries' Framework".**

The Global Logistics Hub Initiative is a development model and growth strategy designed to pivot the economy into logistics-centred mode. Through this initiative Jamaica has the opportunity to "...capitalise on the global phenomenon of industrial fragmentation... by [embracing] its strategic location to serve major trade corridors...[3]"



[3] *Jamaica Logistic Hub Initiative Implementation Strategy… Connecting the Dots*

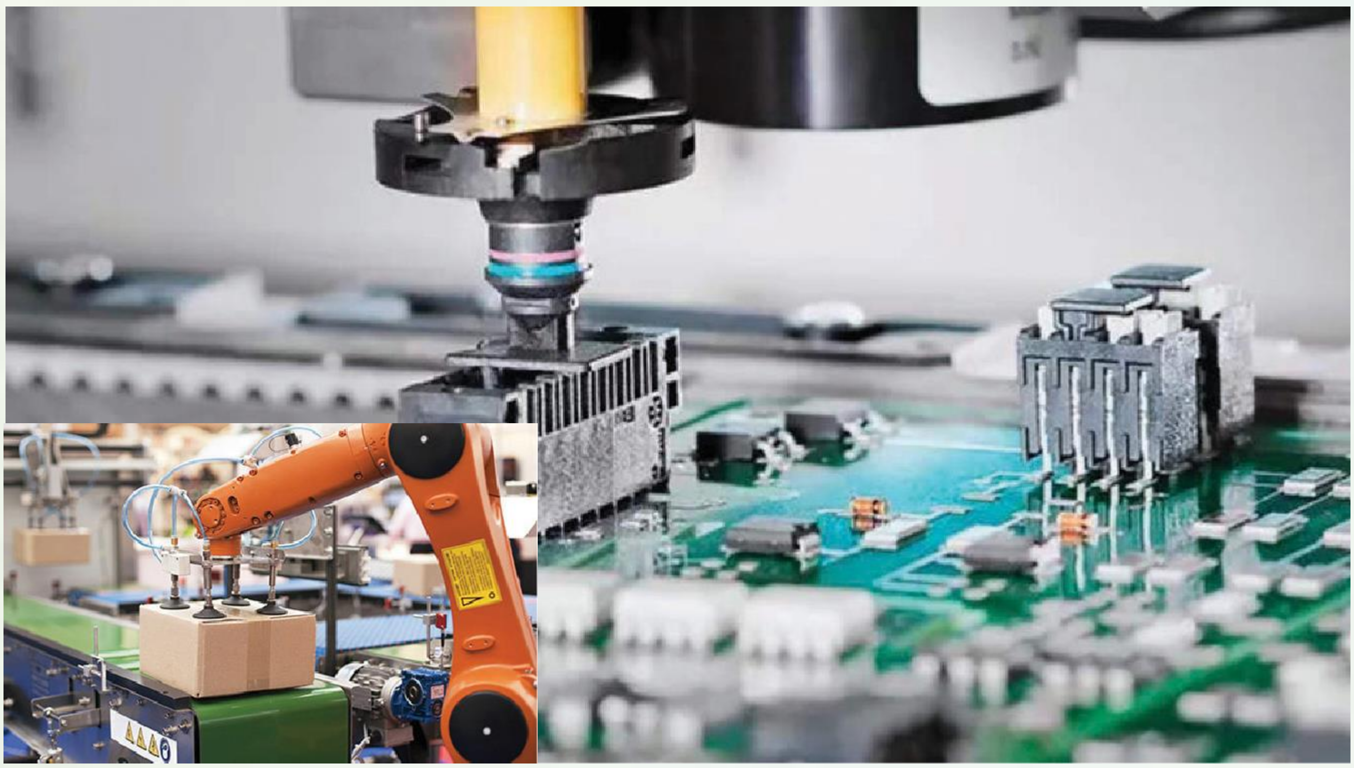
The ultimate goal of the Initiative is to further integrate Jamaica into international supply and value chains. In this vein, it is poised to fast-track the country's transformation from a transshipment hub, into a premier logistics centre. It will also encompass broader initiatives to support the country's business reform agenda, as well as policies aimed at unlocking investments in various sectors.

A Logistics-centred Economy consists of a variety of interrelated networks developed through public and private sector collaboration. These networks typically include: various types of transport facilities; port and air infrastructure; communication channels; financial services; external provisions for energy resources; supply arrangements; as well as storage and warehousing facilities.

Jamaica represents a centralised location in the Americas – a potential hub where value- added activities in both manufacturing and services can be clustered in one easily accessible location. It is therefore being positioned as a platform for tourism; the use of digital technology to plan the design, production, packaging and distribution of goods; ship and aircraft repair; legal services; financial services; as well as a strategic depot for the storage of natural resources.

The P3 Framework

JSEZA's Industry Prioritisation Programme (P3 Framework) categorised three groupings of industries as – 'Priority', 'Permitted' and 'Prohibited' to determine which would create the most favourable value proposition to attract SEZs to Jamaica. Identifying those sectors with the best competitive advantage has therefore been the basis for selecting the Priority industries, under the SEZ promotion strategy. This selection process augurs well, not only for stimulating the development of Zones in Jamaica, but also for advancing the Logistics Hub's competitiveness.



The Priority industries identified were:

- automotive;
- pharmaceutical, biotechnology and beauty care;
- creative industries and new digital media;
- the global services sector;
- logistics & supply chain management;
- food manufacturing and agrotechnology;
- electronics; and
- digital/Information & Communication Technologies.

The P+3 Framework is the result of a three-part initiative.

The first phase involved a cross-sectional comparative study of various reports, and studies namely, the Logistics Hub Industry Analysis and Master Plan; the Caymanas Special Economic Zone Feasibility Study; the National Development Plan - Vision 2030; and the National Export Strategy 2015- 2019 – all of which had hitherto identified industries Jamaica should prioritise.

Thereafter in the second phase, industry commonalities were identified and analysed using the Harvard Atlas of Economic Complexity – a visualisation tool that uses various inputs to track and project the growth of economies worldwide.

Following the clustering of industries and a global value-chain analysis, the selection of the eight (8) industries was determined. The first and second phases of the Framework were completed during the reporting period, with Phase 3 scheduled to be rolled out in the 2020/2021 fiscal year.

TOWARDS
THE VISION

"The Jamaica Logistics Hub Initiative (JLHI) recognises that modern maritime, aviation and telecommunications ***infrastructure and the availability of low- cost energy are channels*** *for industrial development, and if leveraged efficiently, these enhance the global competitiveness of industries[4]".*

Accordingly, the Global Logistics Hub Implementation Strategy identified these seven (7) **"enablers"** as being critical to realising its Vision:

- improving institutional effectiveness;
- implementing supportive policies, legislative and regulatory frameworks;
- enhancing workforce capacity;
- developingefficientandproductive infrastructure;
- facilitating sustainable financing;
- promoting the Hub to achieve the projected levels of economic growth, fiscal stability, targeted levels of job creation; and
- developing efficient transport logistics systems, port facilities and Special Economic Zones to attract private sector investment.

[4]*Jamaica Logistics Hub initiative Implementation Strategy… Connecting the Dots*

DIRECTORS' COMPENSATION

FY 2019/2020

Names	Fees ($)	Motor Vehicle Upkeep/Travelling or Value of Assignment of Motor Vehicle ($)	Honoraria ($)	All Other Compensation, including non0cash benefits, applicable ($)	Total ($)
1. **Metry Seaga** Chairman	$ 96,000.00	$ –	$ –	$ –	$ 96,000.00
2. **Erica Anderson** Director	$ 28,000.00	$ –	$ –	$ –	$ 28,000.00
3. **Pamella C. Folkes** Director	$ 56,000.00	$ –	$ –	$ –	$ 56,000.00
4. **Daenia Ashpole** Director	$ 42,000.00	$ –	$ –	$ –	$ 42,000.00
5. **Diane Edwards** Director	$ 28,000.00	$ –	$ –	$ –	$ 28,000.00
6. **Ainsley Powell** Director	$ 42,000.00	$ –	$ –	$ –	$ 42,000.00
7. **Deborah Newland** Director	$ 35,000.00	$ –	$ –	$ –	$ 35,000.00
TOTAL	**$327,000.00**	$ –	$ –	$ –	**$327,000.00**

SENIOR EXECUTIVE EMOLUMENTS

FY 2019/2020

Name & Position of Senior Executive	Salary	Gratuity (or performance incentives)	Travelling Allowance or Value of Assignment of Motor Vehicle	Pension or Other Retirement Benefits	Other Allowances (e.g. seniority, retroactive payments)	Non Cash Benefits	Total
1. Dr. Eric Deans	$ 9,545,164.00	$ 2,577,500.21	$ 1,697,148.00	$ -	$ -	$ -	$ 13,819,812.21
2. Gary Scott	$ 4,696,272.00	$ 1,136,437.58	$ 1,697,148.00	$ -	$ -	$ -	$ 7,529,857.58
3. Ainsley Brown	$ 4,034,739.00	$ 957,807.31	$ 1,697,148.00	$ -	$ -	$ -	$ 6,689,694.31
4. Chantal Bennett (Acting)	$ 3,101,032.00	$ -	$ 1,697,148.00	$ -	$ -	$ -	$ 4,798,180.00
5. Licia Grant	$ 4,034,739.00	$ 1,460,544.17	$ 1,697,148.00	$ -	$ -	$ -	$ 7,192,431.17
6. Amorley Hibbert	$ 4,034,739.00	$ 915,682.60	$ 1,697,148.00	$ -	$ -	$ -	$ 6,647,569.60
7. Sanvia Martin-Bailey	$ 4,034,739.00	$ 905,360.97	$ 1,697,148.00	$ -	$ -	$ -	$ 6,637,247.97
TOTAL	**$ 33,481,424.00**	**$ 7,953,332.84**	**$ 11,880,036.00**	**$ -**	**$ -**	**$ -**	**$ 53,314,792.84**

BOARD MEMBERS

ATTENDANCE AT BOARD MEETINGS

April 2019 – March 2020

LIST OF BOARD MEMBERS	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
Metry Seaga	-	P	-	P	-	-	P	P	P	P	P	P
Ainsley Powell	-	P	-	P	-	-	A	P	P	P	P	P
Pamella C. Folkes	-	P	-	P	-	-	P	P	P	P	P	P
Velma Ricketts-Walker	-	P	-	P	-	-	P	P	P	P	-	-
Diane Edwards	-	P	-	P	-	-	A	P	P	P	-	P
Deborah Newland	-	-	-	-	-	-	P	P	P	-	P	P
Daenia Ashpole	-	-	-	-	-	-	P	P	P	P	P	P
Erica Anderson	-	-	-	-	-	-	P	P	P	P	-	-
Vikram Dhiman	-	P	-	P	-	-	P	P	P	-	P	-

Key: P – Present, A – Absent

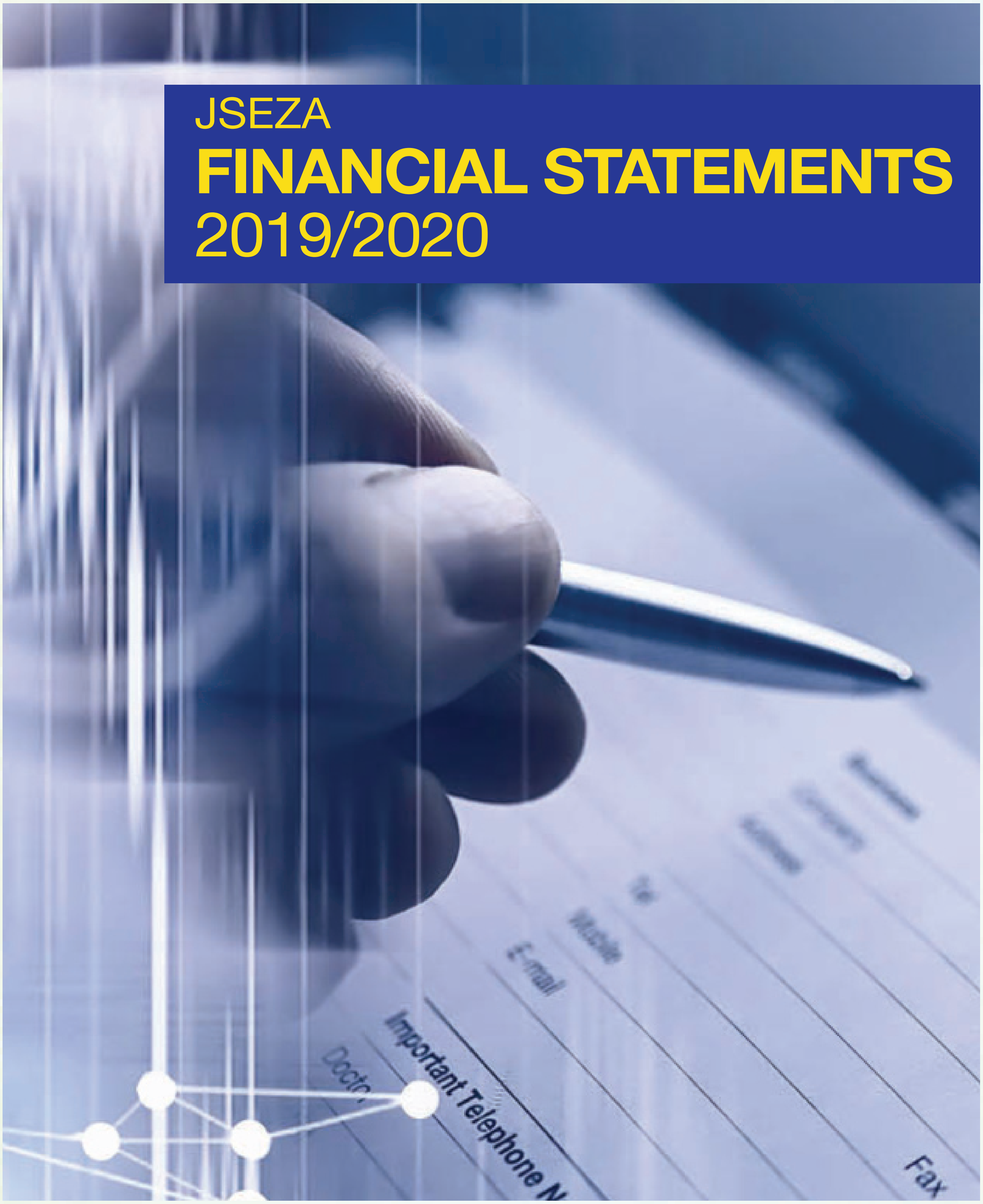
**The Board meeting for November was held on November 1, 2019

** The Board meeting for December was held on November 29, 2019

JSEZA

FINANCIAL STATEMENTS

2019/2020



Jamaica Special Economic Zone Authority

Financial Statements
Year Ended 31 March 2020

JAMAICA

C.R. Hylton & Co.

Contents

Charlton Hylton F.C.C.A., F.C.A., Hayseworth Hylton F.C.A., MBA
Dwayne Lindsay F.C.C.A., MBA, Paula Thorpe F.C.C.A., MBA

C.R.Hylton & Co.
Chartered Accountants

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SFAI JAMAICA

Independent Auditors' Report

To the Members of

Jamaica Special Economic Zone Authority

Report on the Financial Statements

Opinion
We have audited the financial statements of Jamaica Special Economic Zone Authority ("the Authority"), which comprise the statement of financial position as at March 31, 2020, the statement of comprehensive income, statement of changes in accumulated fund and statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Authority as at March 31, 2020 and of its 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 Authority in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

To the Directors of Jamaica Special Economic Zone Authority

Report on the Financial Statements

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority'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 Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Authority or business activities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

Chartered Accountants
Kingston, Jamaica
23 January 2023

Jamaica Special Economic Zone Authority

Statement of Comprehensive Income

Year Ended 31 March 2020

	Notes	2020 $	2019 $
Revenue			
Subvention		274,278,606	228,447,224
Registration, Annual Fees and Other Income	4	302,025,363	113,861,115
		576,303,969	342,308,339
Expenses			
Admistrative and other operating expenses	5	271,643,516	198,667,734
Surplus for the year, being total Comprehensive income		304,660,453	143,640,605

Jamaica Special Economic Zone Authority

Statement of Financial Position

31 March 2020

	Notes	2020 $	2019 $
CURRENT ASSETS			
Cash and cash equivalents	6	8,238,863	815,635
SEZ Fund Account	17	360,597,207	51,271,360
Accounts receivable and prepayments	7	53,745,551	58,246,852
		422,581,621	110,333,847
CURRENT LIABILITIES			
Accounts payable and provisions	8	14,190,997	5,672,688
		14,190,997	5,672,688
NET CURRENT ASSETS		408,390,624	104,661,159
NON-CURRENT ASSETS			
Property, plant and equipment	9	39,910,434	38,979,446
TOTAL NET ASSET		**448,301,058**	**143,640,605**
EQUITY			
SEZ Fund	17	410,424,385	113,861,115
Retained earnings		37,876,673	29,779,490
		448,301,058	**143,640,605**

The financial statements were approved and authorised for issue by the Board of Directors on January 23 , 2023 and signed on its behalf by:

.... Chairman

.... Director

Jamaica Special Economic Zone Authority

Statement of Changes in Accumulated Fund

Year Ended 31 March 2020

	SEZ Fund $	Retained Earnings $	Total $
Balance at 1 April 2019	113,861,115	29,779,490	143,640,605
Total Comprehensive Income			
Net surplus	296,563,270	8,097,183	304,660,453
Balance at 31 March 2020	410,424,385	37,876,673	448,301,058

Jamaica Special Economic Zone Authority

Statement of Cash Flows
Year Ended 31 March 2020

	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Net surplus:	304,660,453	143,640,605
Adjustments to reconcile surplus for year to net cash used by operating activities:		
Depreciation (Note 9)	10,606,268	3,383,374
	315,266,721	147,023,979
Changes in net current assets:		
Accounts receivable and prepaid expenses	4,501,301	(58,246,852)
Accounts payable and provisions	8,518,309	5,672,688
Cash generated from operations	328,286,331	94,449,815
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment being net cash outflow from investing activities (Note 9)	(11,537,256)	(42,362,820)
CASH FLOWS FROM FINANCING ACTIVITIES	(11,537,256)	(42,362,820)
Net increase in cash and cash equivalents	316,749,075	52,086,995
Cash and cash equivalents at the beginning of the year	52,086,995	-
Cash and cash equivalents at the end of the year (Note 6)	368,836,070	52,086,995

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

1. THE AUTHORITY

Jamaica Special Economic Zones Authority ("the Authority") is a statutory body and domiciled in Jamaica, and is a body corporate established in accordance with the Special Economic Zones Act of 2016 ("the Act") . This act repeal the Jamaica Export Free Zones Act. The principal place of business is situated at 13 Waterloo Road, Kingston 10, Jamaica.

The principal activities of the Authority are to pursue the development and regulation of economic zones in Jamaica.

The manner in which the financial affairs of the Authority were handled from inception to 31 March 2018 classified it as a department of the Ministry of Economic Growth and Job Creation. Since April 1, 2018, the Authority was allocated a subvention over which it had control. These financial statements cover the period of April 1, 2019 through 31 March 2020. No reporting from inception to March 31, 2018 is required.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting polices applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented. Where necessary, prior year comparatives have been restated and reclassified to conform to current year presentation.

(a) Statement of compliance

These financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the relevant requirements of the Jamaican Companies Act.

(b) Basis of preparation

These financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of consideration given in exchange for assets.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Authority's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.1 ***New and*** **amended IFRS that are mandatorily effective for the current year**

In the current year, the Company has applied for the first time IFRS 16 *Leases* issued by the International Accounting Standards Board (IASB), effective for annual periods beginning on or after January 1, 2019.The application of this new standard has had no significant impact on the amounts reported or the presentation and disclosures in these financial statements but may impact the accounting for future transactions and arrangements.

2. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The date of initial application of IFRS 16 for the Company is 1 April 2019.

2.1 ***New and amended IFRS that are mandatorily* effective for the current year (continued)**

The following additional new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any impact on the amounts reported in these financial statements but may impact the accounting for future transactions or arrangements.

		Effective for annual periods beginning on or after
Amendments to Standards		
IFRS 9	Financial Instruments	
	- Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	1 January 2019
IFRS 3, 11, IAS 12, 23,	Amendments arising from 2015 – 2017 Annual Improvements to IFRS	
	- Measurement of previously held interest in a joint operation (IFRS 3&11); Income tax consequences of payments on financial instruments classified as equity (IAS 12); Borrowing costs eligible for capitalisation (IAS 23)	1 January 2019
IAS 19	Employee Benefits	1 January 2019
	-Plan Amendment, Curtailment or Settlement	
IAS 28	Investments in Associates and Joint Ventures	1 January 2019
	- Amendments regarding long –term interest in associates and joint ventures	
New Interpretation		
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 New and Revised IFRS in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not effective or early adopted for the financial period being reported on:

		Effective for annual periods beginning on or after
New Standards		
IFRS 17	Insurance Contracts	1 January 2021
Amended Standards		
IFRS 3	Business Combinations	
	- Definition of a business	1 January 2020
IFRS 7, 9, IAS 39	Financial Instruments	
	- Amendments regarding pre-replacement issues in the context of the IBOR reform	1 January 2020
IAS1, IAS 8	Presentation of Financial statements; Accounting Policies, Accounting Estimates and Errors	
	- Definition of material	1 January 2020
Conceptual Framework of Financial Reporting		1 January 2020

The Company has assessed the impact of these new and revised Standards and Interpretations in issue but not yet effective and consider that the following are relevant to the operations of the Company and are likely to impact amounts reported in the Company's financial statements:

- ***Amendments to IAS1 and IAS 8 Definition of Material*** **(effective for annual periods beginning on or after 1 January 2020)**

The amendment aligned the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, '*Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity*.' Materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. It explains that information is obscured if it is communicated in a way that would have a similar effect as omitting or misstating the information such as, if information regarding a material item, transaction or other event is scattered throughout the financial statements, or disclosed using a language that is vague or unclear, or if inappropriately aggregated or disaggregated. The amendments replaced the threshold 'could influence', which suggests that any potential influence of users must be considered, with 'could reasonably be expected to influence' therefore clarifying that the materiality assessment will need to take into account only reasonably expected influence on economic decisions of primary users. The IASB reference to 'primary users' instead of 'users' in the original standard helped to narrow a wide interpretation of 'users'. The amendment is applied prospectively with early application permitted if disclosed.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **Conceptual Framework for Financial Reporting (Issued March 2018)**

The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard. Its purpose is to assist the IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards. It sets out a comprehensive set of concepts for financial reporting, standard setting, and guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. New concepts, clarification of important concepts, updated definitions and recognition criteria for assets and liabilities are included.

The revised framework is arranged in eight chapters and is accompanied by a Basis for Conclusions. A separate accompanying document, 'Amendments to References to the Conceptual Framework in IFRS Standards', was issued by the IASB which sets out the amendments to affected standards in order to update references to the Conceptual Framework.

The revised framework is effective immediately for the IASB and the IFRS Interpretation Committee (IC). For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

The revised framework is not expected to have any impact on the Company.

(a) Property and equipment

The Authority recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Authority's activities as described above.

Items of plant and equipment are recorded at historical or deemed cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The following useful lives are used in the calculation of depreciation net of an estimated residual value:

Lease improvement	2.5%
Computer equipment	20%
Equipment	20%
Furniture, fixtures and fittings	10%
Motor vehicles	20%

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposal or retirement of plant and equipment are determined as the difference between

2. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(a) Property and equipment

the sales proceeds and the carrying amount of the asset and are taken into account in determining profit or loss for the period.

The Authority expects to adopt the standard using a modified retrospective approach where the cumulative effect of initial application is recognized as an adjustment to the opening balance of retained earnings and comparatives are not restated. Management does not expect the impact of the adoption of this standard to be significant.

(c) Financial instruments (Policy applicable from 1 April 2018)

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.
Recognition
Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized on the Authority's statement of financial position when the Authority becomes a party to the contractual provisions of the instrument.

Financial assets
Classification
The Authority classifies financial assets at initial recognition based on the financial asset's contractual cash flow characteristic and the Authority's business model for managing the instruments. The Authority's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets are not reclassified subsequent to their initial recognition unless the Authority changes its business model for managing financial assets.

Initial recognition and measurement
At initial recognition, the Authority measures a financial asset at its fair value, in the case of a financial asset that is not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset determines its value. Transaction costs of financial assets carried at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables that do not contain a significant financing component are measured on initial recognition at their transaction price.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in the following categories:
• Financial assets at amortised cost
• Financial assets at fair value through other comprehensive income (FVOCI)
• Financial assets at fair value through profit or loss (FVTPL)
Amortised cost
These assets arise principally from the provision of services to customers as well as other types of financial assets held within a business model where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest (SPPI) on the principal amount outstanding. The SPPI test is performed at an instrument level. After initial recognition, they are subsequently carried at amortised cost using the effective interest method, less any impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (Policy applicable from 1 April 2018) continued

The Authority's financial assets at amortised cost comprise trade and other receivables and cash, bank and deposit balances.

Derecognition
A financial asset or group of similar financial assets (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired or;
- The Authority has:
  - (i) transferred its rights to receive the cash flows from the asset or
  - (ii) has assumed an obligation to pay the received cash flows in full without material delay
    to a third party under a 'pass-through' arrangement and either the Authority
    - (a) has transferred substantially all the risk and rewards of ownership of the asset, or
    - (b) has neither transferred substantially all the risk and rewards of ownership of the asset, but has transferred control of the asset

Where the transfer does not qualify for derecognition as above, the Authority continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Authority also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Authority has retained.

Impairment
The Authority recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Authority in accordance with the contract and all the cash flows that the Authority expects to receive, discounted at an approximation of the original effective interest rate.

The Authority recognises a loss allowance for expected credit losses on trade receivables and other financial assets that are measured at amortised cost applying the expected credit loss model. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivable are recorded when billed or accrued and represent claims against third parties that will be settled in cash. They are generally due for settlement within 30 days and therefore are all classified as current. The Authority recognises lifetime ECL at each reporting date for trade receivables applying a simplified approach. The expected credit losses on these financial assets are estimated based on the historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions adjusted for factors that are specific to the debtors as well as the expected changes in factors or conditions affecting the debt at the reporting date, including time value of money where appropriate. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly.

2. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(c) Financial instruments (Policy applicable from 1 April 2018) continued

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivable are recorded when billed or accrued and represent claims against third parties that will be settled in cash. They are generally due for settlement within 30 days and therefore are all classified as current. The Authority recognizes lifetime ECL at each reporting date for trade receivables applying a simplified approach. The expected credit losses on these financial assets are estimated based on the historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions adjusted for factors that are specific to the debtors as well as the expected changes in factors or conditions affecting the debt at the reporting date, including time value of money where appropriate. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly.

For all other financial instruments, the Authority recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. Significant increase is assessed as the change in the risk of a default over the expected life of the financial asset as at the reporting date with the risk of default on the instrument occurring at the date of initial recognition, considering reasonable and supportable information that is available without undue cost or effort. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Authority measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The credit risk on a financial instrument is assumed not to have increased significantly if it is determined to have a low credit risk at the reporting date taking into consideration all the terms and conditions of the instrument from the perspective of market participants or by use of other methodologies that are consistent with assessing low credit risk for the particular instrument. 12-month ECL are applied to the Authority's debt securities determined to have low credit risk and other debt securities and bank balances for which credit risk has not increased significantly since initial recognition,

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Authority assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due and a financial asset to be in default when the financial asset is more than 90 days past due and/or internal or external information indicates that the Authority is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Authority.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows in its entirety or a portion thereof. Write off takes place when the Authority's internal collection efforts have been unsuccessful in collecting the amount due. No significant recovery is expected from amounts written off.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

2. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(c) Financial instruments (Policy applicable from 1 April 2018) continued

No expected credit loss was computed during the year as the authority is expected to collect all outstanding receivables due to their control over revocation of the license for non-payment.

Financial Liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value except for financial liabilities that are not at fair value through profit or loss (FVTPL), where they are recognised net of directly attributable transaction costs of issue. Financial liabilities are subsequently measured at amortised cost, except for those at fair value through profit or loss which are subsequently measured at fair value.

Measurement category

FVTPL

A financial liability is classified as at FVTPL if it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. The Authority has no financial liabilities at FVTPL

Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

The Authority's financial liabilities measured at amortised cost comprise trade and other payable.

Derecognition

A financial liability is derecognised when the obligation under the instrument is extinguished by being discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

The difference between the carrying amount of a financial liability derecognized and the consideration paid and payable is recognised in profit or loss.

(d) Financial instruments (Policy applicable before 1 April 2018)

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

2. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(c) Financial instruments (Policy applicable from 1 April 2018) continued

Financial assets

(i) Classification

The Authority classifies its financial assets in the category “loans and receivables”.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at each reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date which are classified as non-current assets. The Authority’s loans and receivables comprise trade and other receivables, deposits and cash and bank balances.

(ii) Recognition and Measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Authority commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Authority has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortized cost using the effective interest method except for short term receivables, when the recognition of interest would be immaterial.

The effective interest rate method is a method of calculating the amortised cost of a financial asset and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriates a shorter period, to the net carrying amount on initial recognition.

The Authority assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. If any such evidence exists, the amount of the impairment loss recognized is measured as the difference between the assets carrying amount and the current fair value. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (Policy applicable before 1 April 2018) continued

Trade receivables

Trade receivables are carried at original invoiced amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Authority will not collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the expected cash flows discounted at the market rate of interest for similar borrowings. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to profit or loss. Other receivables are stated at amortized cost less impairment losses.

Financial liabilities

The Authority's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method except for short-term liabilities when the recognition of interest would be immaterial. At the reporting date, the Authority’s payables were classified as financial liabilities.

The Authority derecognises financial liabilities when the Authority’s obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss for the period.

(f) Impairment of non-current assets

Plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the greater of an asset’s net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there is separately identified cash flows. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(g) Foreign currency translation

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated using the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

2. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(g) Foreign currency translation (continued)

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in profit or loss. Translation differences on non-monetary financial instruments, such as equities classified as available-for-sale financial assets, are included in equity.

(h) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand and short term deposits held with financial institutions with maturity of 90 days or less and are held to meet cash requirements rather than for investment purposes.

(i) Provisions

Provisions are recognized when the Authority has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are not recognized for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

(j)

(a) **Critical judgements in applying the entity's accounting policies**

In the process of applying the entity's accounting policies, management has not made any judgements that it believes would cause a significant impact on the amounts recognized in the financial statements.

(b) **Key sources of estimation uncertainty**

The entity makes estimates and assumptions regarding the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

3. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)**

(b) Key sources of estimation uncertainty (Continued)

The Authority makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts and assets and liabilities within the next financial year are discussed below:

Depreciable assets

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The entity applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in the statement of comprehensive income through impairment or adjusted depreciation provisions.

4. **REGISTRATION, ANNUAL FEES AND OTHER INCOME**

Represented by:

	2020	**2019**
	$	**$**
Application Fees (Developer)	18,459,012	6,571,080
Application Fees (Occupant)	10,287,560	2,119,769
Application Fees (Zone User)	383,523	12,465
Annual Operating Fees	267,433,175	103,819,966
Exchange gain	5,462,093	1,337,835
	302,025,363	113,861,115

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

5. EXPENSE BY NATURE

	2020 $	2019 $
Advertising and promotion	12,660,642	9,390,838
Bank charges	295,259	1,503,580
Board members fee	296,250	280,501
Cleaning and sanitation	2,598,903	3,000,995
Courier services and transportation	293,113	87,659
Professional Fees	11,555,343	11,797,004
Depreciation	10,606,268	3,383,374
Staff welfare	1,300,277	25,946
Conference & Retreat Expenses	4,501,599	-
GCT irrecoverable	9,351,201	10,749,290
Local accommodation	4,027,118	4,042,799
Licenses and permits	459,240	266,385
Computer expense	3,853,626	2,046,562
Food & Drink	3,527,610	2,443,620
Subscription	2,154,528	795,584
Electricity and water	4,357,248	5,576,599
Other expenses	2,768,030	1,817,120
Overseas travel & accommodation	6,568,064	9,219,476
Security expense	4,198,872	4,193,424
Rental expense	13,987,632	12,238,668
Repairs and maintenance	4,026,455	3,287,510
Salaries, wages and related expenses (Note 10)	158,174,519	95,134,709
Seminar and training	1,031,646	7,799,866
Stationery and office supplies	2,889,153	3,931,048
Survey expense	300,000	630,000
Telephone expenses	5,860,920	5,025,177
	271,643,516	198,667,734

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

6. CASH AND CASH EQUIVALENT

Cash and cash equivalent represents:

	2020 $	2019 $
Cash at bank and in hand	368,836,070	52,086,995
SEZ Fund	360,597,207	51,271,360
Cash and cash equivalent	8,238,863	815,635

7. ACCOUNTS RECEIVABLE AND PREPAID EXPENSES

Accounts receivable and prepaid expenses represent:

	2020 $	2019 $
Trade receivables	51,393,201	57,680,798
GCT recoverable	1,827,320	509,073
Other receivable	525,030	56,981
	53,745,551	58,246,852

8. ACCOUNTS PAYABLE AND PROVISIONS

Accounts payable and provisions represent:

	2020 $	2019 $
Trade payables	9,493,999	5,442,542
Other payable and accruals	4,696,998	230,146
	14,190,997	5,672,688

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

9. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvement $	Equipment $	Furniture fixtures & fittings $	Motor vehicles $	Computer equipment $	Total $
Cost	24,082,728	3,473,893	3,826,947	4,846,438	6,132,814	42,362,820
Additions	6,372,699	422,464	2,102,605	-	2,639,487	11,537,255
March 31, 2019	30,455,427	3,896,357	5,929,552	4,846,438	8,772,301	53,900,075
Depreciation						
Accumilated Depreciation	2,701,374	222,784	122,660	-	336,556	3,383,374
Charge for year	7,699,344	401,993	405,840	799,662	1,299,428	10,606,267
March 31, 2020	10,400,718	624,777	528,500	799,662	1,635,984	13,989,641
Net book value						
March 31, 2019	21,381,354	3,251,109	3,704,287	4,846,438	5,796,258	38,979,446
March 31, 2020	20,108,812	3,271,580	5,401,052	4,046,776	7,136,317	39,910,434

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

10. SALARIES AND OTHER RELATED COSTS

	2020 $	2019 $
Salaries and wages	100,035,014	56,188,928
Employer contribution	7,936,351	4,060,189
Motor vehicle upkeep allowance	29,565,628	19,170,769
Gratuities	13,573,454	15,148,318
Other staff costs	7,064,072	566,505
	158,174,519	95,134,709

11. NET SURPLUS

Net surplus is stated after charging:

	2020 $	2019 $
Depreciation	10,606,268	3,383,374

12. TAXATION

The Authority has been granted exemption from income tax under section 12 (b) of the schedule to the Income tax Act.

13. **FINANCIAL INSTRUMENTS**

(a) Fair value of financial instruments.

(i) 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.

Where such instruments exist, they are valued using present value or other valuation techniques and the fair value shown may not necessarily be indicative of the amounts realisable an immediate settlement of the instruments.

(ii) The carrying value reflected in the financial statements for cash and cash equivalents, accounts receivable, bank overdraft, and accounts payable are assumed to approximate to their fair value due to their short-term nature. Additionally, the cost of all monetary assets and liabilities has been appropriately adjusted to reflect estimated losses on realisation or discounts on settlement. Loans and other non-current items are carried at their contracted settlement values or reflect the ability to effect set-offs in the amounts disclosed.

(iii) Fair value hierarchy

The Authority measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level I fair value measured based on quoted prices (unadjusted) in active markets for Identical assets or liabilities.

Level 2 - fair value measured based on inputs other than quoted prices included within Level I that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - fair value measured based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(b) Financial instruments risks.

The Authority has exposure to the following risks from its use of financial instruments: credit risk, market risk, liquidity risk and cash flow risk. Information about the Authority's exposure to each of the above risks, the Authority's objectives policies for measuring and managing risk is detailed below.

The directors have overall responsibility for the establishment and oversight of the Authority's risk management framework.

The risk management policies are established to identify and analyse the risks faced by the Authority, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Authority's activities.

13. **FINANCIAL INSTRUMENTS (CONTINUED)**

(c) Credit risk

Credit risk is the risk that one party to a financial Instrument will fail to discharge their obligations and cause the other party financial loss.

The Authority manages the credit risk by placing funds with secure financial institutions. In relation to accounts receivable, management has a policy on credit approval and follow-up of receivables.

The maximum exposure to credit risk at the reporting date was:

- Cash and Cash Equivalent
  Cash and cash equivalents are placed with reputable financial Institutions that are believed to have minimal risk of default.

- Trade Receivables
  Credit is granted to all licensees. The Authority's exposure to credit risk is mainly influenced by the Individual characteristics of each debtor. Management has established a credit policy under which all licensees are billed in arrears and therefore automatically are granted credit. Management's policy is to revoke the license once the amounts outstanding exceeds six months.

The aging of accounts receivable at the reporting date and the related loss allowance are as follows:

	2020		**2019**	
	Gross $	**Impairment $**	**Gross $**	**Impairment $**
Past due 61-90 days	51,393,201	-	57,680,798	-
	51,393,201	-	57,680,798	-

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

13. **FINANCIAL INSTRUMENTS (CONTINUED)**

(d) Market risk:

Market risk is the risk that the value of a financial Instrument Will fluctuate as a result of changes in the market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.
Management manages market risk by maintaining bank accounts in foreign currency.

i. Interest rate risk:

Interest rate risk is the risk that the value of a financial Instrument will fluctuate due to changes in market interest rates.

As at March 31, 2020, the Authority had no significant exposure to this risk.

ii. Foreign currency risk:

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Authority incurs foreign currency risk primarily on purchases, sales and deposits that are denominated in the United States Dollars.
Sensitivity analysis

Concentration of currency risk
The entity is exposed to foreign currency risk in respect of Jamaican dollar equivalent of US dollar denominated assets as follows:

	2020 **$**	**2019** **$**
Bank balances	360,597,207	51,271,360

The following table indicates the sensitivity of surplus/(deficit) to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated cash and bank balances and adjusts their translation at the year-end for 6% depreciation and a 4% appreciation of the Jamaican dollar against the US dollar. The changes below would have no impact on other components of equity.

	% Change in Currency rates 2020 $	**Effect on Surplus 31 March 2020 $**	**% Change in Currency rates 2019 $**	**Effect on deficit 31 March 2019 $**
Currency		Increase/ (decrease)		Increase/ (decrease)
USD	+2	7,211,944	+2	1,025,427
USD	-6	(21,635,832)	-6	(3,076,282)

There has been no change as to how management monitors or manages market risk.

13. **FINANCIAL INSTRUMENTS (CONTINUED)**

(e) Liquidity risk:

Liquidity risk, also referred to as funding risk, is the risk that the Authority will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell financial assets quickly at close to its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funds through an adequate amount of committed credit facilities.

The contractual maturity of accounts payable and bank overdraft are within six months.

There has been no change as to how management monitors or manages liquidity risk (f) Cash flow risk.

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount. The Authority manages this risk by generally ensuring that cash flows relating to monetary financial assets and liabilities are matched.

(g) Operational risk.

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

The Authority's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to its reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management.

(h) Business risk.

Business risk is defined as the risk to the Authority arising from changes in its business, including the risk that the Authority may not be able to carry out its business plan and its desired strategy. The main business risks identified are the risk of failure of management and the risk of policy change from government rendering the Authority's business model infeasible. To counter this, the Authority has a good governance structure.

14. **LEASE COMMITMENT**

As at March 31, 2020, the Authority had a Supplemental lease which expires in June 2021. Amounts charged to profit or loss as expense totaled $13,664,930.

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

15. RELATED PARTY TRANSACTIONS

The Authority has a related party relationship with its subsidiary, other companies under common ownership of directors, as well as with its Directors and senior management. The Directors and senior management of the Authority are collectively referred to as "key management personnel". The following income and expenses were recognised in the statements of comprehensive income during the year:

	2020 $	2019 $
Ministry of Economic Growth & Job Creation– Subvention	274,278,606	228,447,224
Key management personnels' compensation	(68,619,674)	(63,487,749)

16. CAPITAL MANAGEMENT

The Authority's capital consists of accumulated surplus. The Board's strategy is to maintain a strong capital base to support the future development of its operations. The Authority is not subject to any externally-imposed capital requirements. There were no changes to capital management during the year.

17. SEZ FUND

The Special Economic Zone Act mandates the Authority to establish a SEZ Fund to be used for significant capital expenditure.

The Authority may deduct from the fund for supporting scientific research, market research, public relations and vocational training. The Authority is to set aside 65% of its annual net profits to be credited to the fund.

For the year ended 31 March 2020, all monies representing fees collected by the Authority were credited to the fund. The fund is maintained in a separate bank account.

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