



NATIONAL IRRIGATION COMMISSION LIMITED

MISSION STATEMENT

“TO USE THE AVAILABLE RESOURCES
TO DEVELOP IRRIGATION SYSTEMS
AND TO PROVIDE THE MOST EFFICIENT
AND EFFECTIVE SERVICE POSSIBLE
TO THE AGRICULTURAL COMMUNITY.”



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Corporate Data

The Company

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Web-Site: www.nicjamaica.com

The Operation Centre

15 Barrett Street
Spanish Town
St. Catherine
Tel: 984-0625/5792
Fax: 984-0532

Attorneys-at-Law

DunnCox
48 Duke Street,
Kingston, Jamaica

AUDITORS

KPMG. Peat Marwick
6 Duke Street,
Kingston, Jamaica

District Offices

St. Catherine Irrigation District

Rio Cobre Office
17 Barrett Street, Spanish Town
Tel: 984-2334/4022
Fax: 984-8401

Mid-Clarendon Irrigation District

Osbourne Store, May Pen
Tel: 987-3259/3667
Fax: 987-3139

St. Elizabeth Irrigation & Drainage District

Watchwell P. A.
St. Elizabeth
Tel: 965-0714
Fax: 965-0232

St. Dorothy Office

Bodles, Old Harbour
Tel: 983-2712
Fax: 983-2712

Yallahs District

Yallahs, St. Thomas
Tel: 706-3159

Braco Irrigation District

Duncans, Trelawny
Tel: 954-2147
Fax: 954-2295

Board Members



From top to bottom, left column: Acting Chairman, Basil Fernandez (Jan. - March 2006), Norma Duncan (Retired), Ministry of Finance & Planning, Dr Oswald Thomas (Deceased);

Middle column: Retired Chairman, Rev. Dr Garnet Brown, C.D., J.P., Robert Martin, Ministry of Finance & Planning, Richard Sadhi, Chairman of Mid-Clarendon Dev. Corp.,

Right column: Managing Director, Donovan Reid, Dr Richard Harrison, Ministry of Agriculture, Patricia Snow Young, Ministry of Water & Housing.

Board Members



From top to bottom, left column: Anthony Anguin, Businessman, Doreth Sylvester-Brown, Company Secretary;
Middle column: Alphanso Bennett, Farmer, Victor Rose, Businessman, Andrew Wright, Farmer, Andrea Powell, Confidential Secretary;
Right column: Dwight Campbell, Shell Company of Jamaica, Maxine Brown, Executive Assistant to Managing Director. Missing: Neil Lawrence, Civil Engineer, Wensworth Skeffery, Teacher.

District Advisory & Monitoring committees



** Denotes Chairman for each Committee and member of the Board of Directors.*

*** New Chairman since the passing of Dr. Thomas*

Executive Directorate



Milton Henry, Director,
Engineering & Technical
Services



Andrew Robinson, Director,
Finance & Corporate
Planning



Doreth Sylvester-Brown,
Director,
Corporate & Legal
Services/Company Secretary



Vanica Cranston, Director,
Commercial Operations



Karen Thames, Acting Director,
Corporate & Legal Services
(April 2005 - Jan. 2006)

Minister's Message



The past year saw the signing of the contract for the construction of the Seven Rivers Irrigation System, which signalled the beginning of construction of the second of the three flagship projects of the National Irrigation Development

Programme (NIDP). The contract for the supply and installation of pumps and switchgears for the wells in the Pedro Plains and Hounslow Irrigation Schemes heralded the final phase for these two systems.

With the flagship projects in the Pedro Plains nearing completion and the Seven Rivers Irrigation System reaching an advanced stage of construction, I feel some pride as I prepare to depart the Ministerial arena. On May 27, 2005, we executed an irrigation development loan of US\$21 million between the Government of Jamaica and the Inter-American Development Bank (IDB) for another five projects. This represents preparation for the second phase of the irrigation programme, which is well advanced, as we have almost satisfied all the required conditions for the first disbursement.

In light of the above, I am satisfied with my own stewardship and performance in the irrigation sector over the last four years. We have finalized the policy components of the water sector policy and the attendant strategies and action plan for the development framework for irrigation for the 21st century. This, I believe, forms an enduring legacy and foundation upon which my successor can implement these and the other projects identified under the NIDP, particularly those projects which are about to come on stream in the second phase.

It is with a sense of pride therefore, that I re-emphasize the commitment of the government to the National Irrigation Development Programme. It will definitely have a great impact on nation building. This government has always had a desire to provide an efficient and reliable water supply for our farmers, who have been very instrumental in feeding this nation in the past and we expect in the years to come.

As I reflect on my tenure as Minister with responsibility for irrigation, I am satisfied with the accomplishments of the National Irrigation Commission Limited, the highlights being the development of the NIDP which encompasses a slate of fifty-one (51) projects island-wide. I am extremely proud to have been a part of implementing the flagship projects and look forward to the commissioning of the systems in the near future.

Other achievements include the amendment of the Irrigation Act to allow for the establishment of Water Users Association as legal entities. This is a paradigm shift that signals a new approach in the way that the farmers will participate in the development of the island's irrigation sector. I continue to be impressed with and have put my seal of approval on the Commission's three (3) year Strategic Business Plan, a tool which is intended to complement and support the development of the National Irrigation Development Programme.

The rehabilitation of the irrigation systems under the flood damage programme is another area well worth mentioning. This programme was funded by the Inter-American Development Bank (IADB) to the tune of J\$48M and facilitated the rehabilitation of a number of systems island-wide.

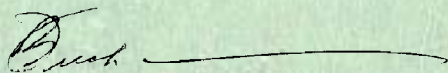
I am now charging the Commission to ensure the expeditious implementation of the flagship projects. I also charge the Commission to implement the second phase of the irrigation programme with the same level of professionalism

that they have displayed over the years.

I take this opportunity to commend the management and staff of the Commission on their hard work and dedication over the past years. They are well known for their commitment to excellence, as well as their resilience in difficult times.

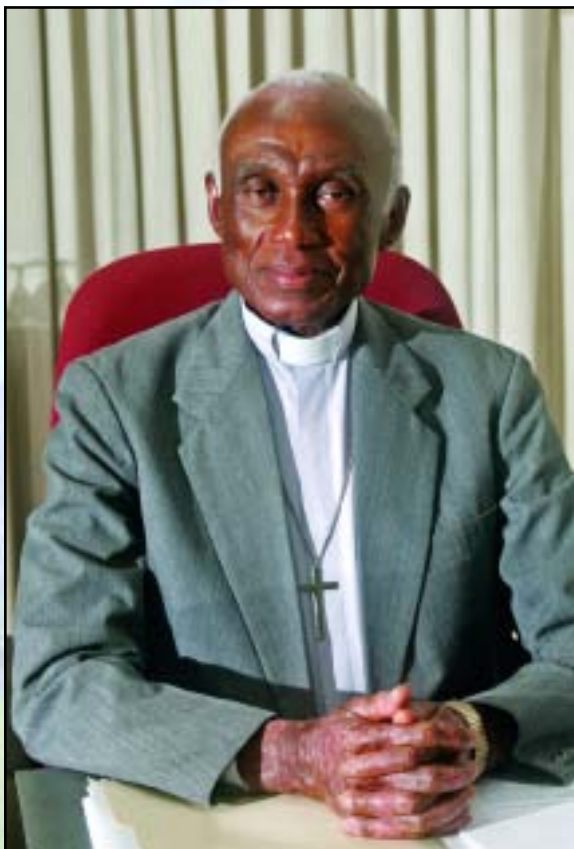
This being my last message to the Commission in my capacity as Minister of Water and Housing, I would like to extend special gratitude to the Chairman, Managing Director, and the Board of the National Irrigation Commission Limited for their contribution to the National Irrigation Commission and their dedication in developing the irrigation sector. Our association has been a very gratifying experience. I wish the incoming Minister all the best and hope that he too will be blessed with the good will this organization has afforded me. I must say special thanks to the farmers for their support and vigilance during my tenure. It is my hope that the institutional framework that has been laid will provide the springboard for agricultural enterprise and development for years to come.

It is with a deep feeling of satisfaction and fulfilment that I say good-bye as Minister of Water and Housing with responsibility for irrigation. I am sure that I am leaving the Commission in capable hands and I pray that God will continue to prosper this organization and the farmers it serves. God's speed.



Hon. Donald Buchanan, M.P.
Minister of Water & Housing

Chairman's Message



Greetings and Christian salutations to all the farmers to whom we render service, as well as to all those who are served directly and indirectly by the National Irrigation Commission Limited.

I send this message, being mindful of the fact that after founding the Commission and chairing the Board for approximately twenty (20) years, this is the final time that I will address you in this capacity, since I have now demitted office as Chairman. It has been an eventful and rewarding twenty years, over which the organization grew from strength to strength. The five (5) small local entities which the Commission absorbed twenty years ago (namely, Rio Cobre, St. Dorothy, Mid-Clarendon, Hounslow, and Braco) have been restructured, revitalized, expanded and

coordinated into an almost seamless harmonized system.

Additionally, the managerial systems, practices and processes which have now become the norm of the Commission, have demonstrated their robustness in the good quality of the services which are provided to the farmers.

Apart from the modernization and expansion of the disparate mini and inefficient systems which preceded the advent of the Commission, there have been many landmarks established along the way. Some of these are as follows:

- (a) The replacement of the permeable wood-stave pipes in the St. Dorothy's area, by the more reliable and water-efficient cast-iron pipes.
- (b) The rebuilding of the Rio Cobre Dam, which was destroyed by the flood rains in May 1991.
- (c) The establishment of a National Field Operations Centre at Spanish Town.
- (d) The renovation and upgrading of buildings at 191 Old Hope Road, to provide the Commission with a stable home for its Head Offices.
- (e) The progressive recruitment, training, placement and continuous upgrading of a cadre of efficient and highly motivated staff.
- (f) The development, establishment and operation of State-of-the-art Information Technology, Accounting, Reporting and Managerial Systems that have redounded to the efficient delivery of services by the Commission.
- (g) The identification of some fifty-two (52) irrigation projects which have been studied and structured into a National Irrigation Development Programme (NIDP) geared towards the provision of water for irrigation purposes, to encompass all arable lands across the island.


Three (3) of these projects have already been jointly funded by the Government of Jamaica and the Caribbean Development Bank. They are located in the Pedro Plains, Hounslow and Seven Rivers, respectively. Those in the Pedro Plains and Seven Rivers are at advanced stages of development.

Looking back on the growth and achievements of the Commission over the twenty years of its existence, I am satisfied that Jamaica's agriculture has benefited immensely, and as I demit office as founding chairman, I place the following challenges on record for future pursuit:

- (a) That the Government, together with the Management and Staff of the Commission remain fully committed to pursue the full implementation of all the projects identified in the (NIDP)
- (b) That the farmers commit themselves to the efficient use of the water made available to them, and to pay the requisite user fees for the service.
- (c) That all concerned, will join hands and hearts to bring Jamaica's agriculture back to its 'glory days', and better.

I hereby express thanks to the committed staff that supported me in guiding the Commission over the years. I must also express my appreciation for the support that the organization has received from its various parent Ministries, the Ministry of Finance, its inter-agency partners, its Board, Local Monitoring Committees, and its clients, the farmers.

I feel assured that I am leaving the Commission in safe hands. As such, I pronounce God's blessings upon you all.



Rev. Garnet Brown, Ph.D., C.D., J. P.
CHAIRMAN

Managing Director's Message



This year saw us making major progress in the implementation of the National Irrigation Development Programme (NIDP). We have in that regard viewed this year as a developmental one. In that context therefore, I am pleased to report some of the major highlights and achievements in the process of implementing the flagship projects of the NIDP as follows:

- The completion of the installation of the

pipes, fittings and appurtenances for the Pedro Plains Irrigation System. (The contract was expected to take fifteen (15) months; however the work was completed within nine (9) months).

- The award of the pumps/switchgears, supply and installation contract for the Pedro Plains and Hounslow Irrigation Systems.
- The construction of the pumping stations in the Pedro Plains Irrigation System.
- The award of the contract for the construction of the Seven Rivers Irrigation System.
- The official launch of the construction phase of the Seven Rivers Irrigation System.
- The promulgation of the regulations pursuant to the Irrigation Act which fleshes out the legislative framework for the operation of the Water Users' Associations.
- The signing of a US\$21M loan agreement between the government of Jamaica and the Inter-American Development Bank (IDB) for the implementation of the second phase of the NIDP which will see the construction and/or rehabilitation of another five (5) irrigation systems in Yallahs, New Forest/Duff House, Colbeck, St. Dorothy and Essex Valley.

In the next financial year we expect to be in a position to, at the very least, commission the new Pedro Plains and Seven Rivers Irrigation Systems into service. There is a possibility that the third flagship project in Hounslow may be ready by the end of the next financial year. In addition, we anticipate satisfying all the Conditions Precedents for first drawdown under the second phase of the NIDP by no later than May 27, 2006.

Managing Director's Message

We have been working closely with the farmers in an effort to facilitate their participation in the operation and management of the new and/or rehabilitated irrigation systems being built/refurbished via the Water Users' Associations model.

This process involves a lot of social re-engineering and institutional capacity building and will certainly take time. However, we are committed to the development of Water Users' Associations in the management of irrigation systems and will do all in our power to facilitate this process. It is clear that the Commission will have to take a look at its own business strategy as the process of transition towards Water Users' Associations gathers momentum.

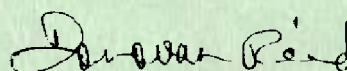
As far as the financial performance of the Commission is concerned, the operations recorded a surplus of J\$21.9M for the year under review. This has resulted in a further increase in our accumulated surplus, which now stands at a more than modest J\$114.9M. In the context of the prevailing environment, particularly because of rising oil prices and energy cost, we believe that our positive performance is quite an achievement.

However, we note with some concern, the fall in our revenue as against the previous year's. This is attributable to the significant fallout in the agricultural sector as a result of the very active hurricane season of 2005. It is our hope that the irrigation sector will be spared, the next time we go through an Atlantic Hurricane season.

Regretfully, we must give notice that the Commission will of necessity, have to implement incremental increases in irrigation rates in order to achieve full recovery of operation and maintenance cost by 2010 as mandated by government's Water Sector Policy. These increases, we promise, will be implemented with care and sensitivity especially at this time of challenge in the agricultural arena.

I wish to thank the Board, management and staff for their support and co-operation during the year. I must also register special thanks to our outgoing founder and chairman, the Rev. Dr. Garnet Brown for his leadership and the example and legacy he is leaving this organization. Indeed, we owe him a debt of gratitude that we cannot repay. I must also express deep appreciation to the Minister of Water and Housing, the Honourable Donald Buchanan who will soon be demitting office. His guidance, direction and inspiration have impacted positively, not only on the Commission but indeed on the water sector as a whole.

As we look towards the implementation of the flagship projects of the National Irrigation Development Programme and anticipate the commencement of the second phase of this irrigation programme, we have much reason to be optimistic and confident. Indeed, we wish to reaffirm our commitment to the farmers and customers, that we will endeavour to implement irrigation systems that are cost effective and efficient. We believe that with the continued support and patronage of all our stakeholders our goals and dreams for the irrigation sector will be achievable.



Donovan Reid
MANAGING DIRECTOR

Administration & Human Resources

CORPORATE OBJECTIVES

To develop a cadre of professionals through an appropriate and dynamic Human Resource programme and to enhance the sustainable delivery of service to our customers;

To implement and monitor the administrative systems, procedures and policies of the Commission and to ensure the protection of its assets and legal rights and to provide an efficient support system through general office services.

Despite the many challenges faced over the past year, the staff must be commended for their support and cooperation, which has led to the success of the Memorandum of Understanding (MOU), now in its second year of existence. The entire management participated in its first two-day mid-year assessment retreat in an effort to assess the Commission's performance. Here, each Department Head presented reports on his/her achievements up to September 2005 vis-à-vis our Strategic Business Plan/Budgets for those mid-year adjustments that were deemed necessary.



Management Team at Retreat

MANAGEMENT RETREAT



Dr. Lloyd Eubanks-Green addressing the Management Team



Andrea Gyles, Manager Human Resources and Industrial Relations (Acting) making a presentation

Administration & Human Resources

Farewell Dr. Brown

In February 2006 the staff bid farewell to our founder and first Chairman, the Revd. Dr. Garnet Brown. It proved to be a sad occasion as members of staff rendered moving tributes and accolades to this icon. We would therefore, like to take this opportunity, to again extend our gratitude and appreciation, for the services rendered, and for the contribution made to this organization by Dr. Brown. We further recognize his vision in conceptualizing the Commission, making our mission statement far less of a dream and more of a reality. The standards set by him, highlighted by his professionalism were remarkable and will always be remembered. Likewise, his humility and sharp wit will forever have its place in our minds and hearts. Dr. Garnet Brown has touched the lives of every member of staff making quite an indelible mark on all of us.



Rev. Dr. Garnet Brown and Mr. Donovan Reid at Dr. Brown's farewell function - Port Esquivel

Secondary School Scholarship Award



L-R: Shannell Manning, Michael Thomas Jr., Chrissome Young, (B) Deana Kay Bartley and Mr. Donovan Reid M.D.

The annual scholarship award funded by the Commission is now in its seventh year. Four scholarships were awarded on November 29, 2005, at a value of \$30,000.00 each. The awardees are as follows:

- ☐ Shanell Manning, daughter of Ms. Carol Fuller – Head Office.
- ☐ Michael Thomas, son of Mr. Michael Thomas – Mid-Clarendon Office.
- ☐ Chrissome Young, daughter of Mr. Glenmore Young - Rio Cobre Office
- ☐ Deanna Kay Bartley, 2nd time awardee, daughter of Mr. Horace Bartley - Mid-Clarendon District Office

Administration & Human Resources

Three (3) of the awards went to children of the fortnightly paid staff while one was awarded to a child of a monthly paid staff. Master Rassaine Foster, a first former of Campion College, was guest speaker at the function.



Left: Sen. Dwight Nelson, Rassaine Foster, Student Campion College and Mr. Donovan Reid, M.D.

With mixed emotions we said goodbye to Dr. Ruby King, educator and committee member who served the Commission diligently for six wonderful years. We also welcomed Mrs. Grace Miller who replaced her.



Left: Dr. Ruby King receiving a plaque from Mrs Karen Thames in recognition of her contribution to NIC's Secondary School Scholarship Awards Programme.



Former Scholarship Awardee, Karmena McArthur making a presentation to Dr. R. King

Training

Despite the budgetary constraints, the Commission ensured that valuable training was extended to the members of staff both internally and externally. Two members of staff ventured overseas on short term courses namely:

- Bryan Hastings – Hydro-geological Symposium in Barbados
- Rohan Stewart – Water and Waste Water Management in Singapore



Rohan Stewart receiving a Certificate of Participation from a Representative of Singapore's Foreign Affairs Ministry.

Administration & Human Resources

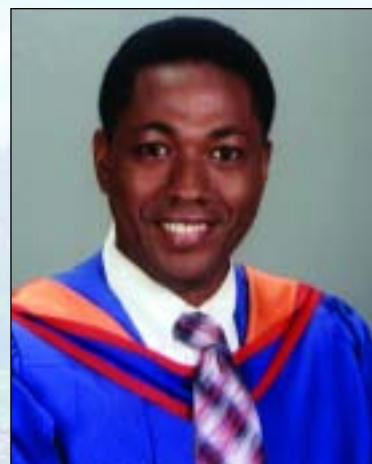
Congratulations to the following members of staff for achievements in their respective post graduate and undergraduate pursuits.



Mrs. Doreth Sylvester-Brown
Post Graduate
Diploma in
Ministerial Studies and
B.A. Theology (First Class Hons.)



Mrs. Lorraine Geddes-McDonald
MSc. Water Resource
Management



Bryan Hastings
MSc. Computer Based
Management
Information System



Mrs. Karen Thames
MSc. Human Resources
Management



Ms. Venese Ferguson
BSc. Psychology (Hons.)

Administration & Human Resources

Security

The financial year 2005/2006 was a very challenging one for the Security Unit. NIC's operations were not spared the repercussions of the continued wave of crime and violence taking place in Jamaica. Notwithstanding, the Security Unit has been resolute in dealing with threats to staff and property through the application of the provisions under the Irrigation Act.

Outlined below are the major issues addressed during the period:

Squatting

The practice of squatting on the canal reservation is quite prevalent, especially in the St. Catherine District. A few squatters have been removed through the Courts, while others are being dealt with through the Lands Department. Some have complied with our verbal requests, and subsequently moved from the canal reservation.

We have adopted the approach that prevention is the best strategy, hence a very vigilant approach towards new developments.

Pilfering

Incidents of pilfering in our system have significantly decreased over the last two years.

The Field staff and the Security Unit continue to closely monitor the systems islandwide, and are swift and decisive in identifying and dealing with offenders.

Unauthorized Community Activities

Under the banner of "community togetherness" there is an increasing problem of unauthorized use of our canal network for recreational purposes. For example, in St. Catherine one such activity is called a "Canal Splash". Not only does the blocking of canals disrupt the water supply to our customers, but also exposes participants to the risk of drowning.

We have denounced these activities and are seeking audience with the community leaders to look at alternative methods of recreation for these communities.

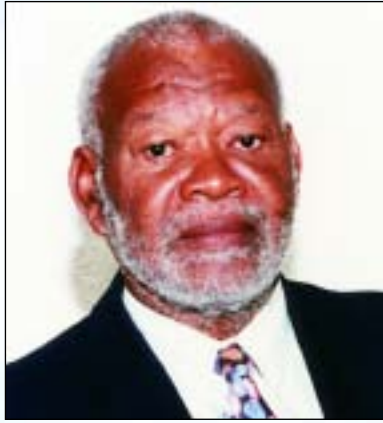
Community Violence

Spanish Town continues to be plagued with outbreaks of violence. As our canal system passes through some of the volatile communities in Spanish Town, for example, March Pen Road and Tawes Pen, the field staff has to manoeuvre these areas with great caution and from time to time we are forced to close office in order to protect members of staff.

Safety Procedures

We continue to pay as close attention as possible to the safety of our staff while on the job and to ensure that the Commission's property is secured.

Adieu



Dr. Oswald Thomas



James Emmanuel Paige

Just a thought of sweet remembrance
Just a memory fond and true
Just a token of affection
And a heartache still for you

More and more each day
we miss you
Though our thoughts are
not revealed
Little do they know the
sorrow
That is within our hearts
concealed

**Sadly missed by the Management & Staff
of the National Irrigation Commission Limited**

Operations

CORPORATE OBJECTIVE

To implement methods, which will improve efficiencies in procurement, conveyance and delivery of irrigation water to enhance the quality and reliability of service.

Water Production and Distribution

The Water Production levels, invoicing and energy consumption in each irrigation network location are shown in Table 1.

Table 1 Water Production Summary (April 2005 - March 2006)

	Hours Pumped	Water prod. (m3)	Water Invoiced (m3)	%age Invoiced	Energy Used (kwh)	Energy Cost (\$)	Unit Energy (kwh/m3)	Energy Cost (\$)/(m3)
Yallahs	1,656	336,561	253,543	75%	182,922	2,652,602	0.544	7.88
St. Dorothy	13,341	4,627,100	2,926,298	63%	979,866	13,273,585	0.212	2.87
Blocks + Spring Village	35,115	4,170,209	2,495,535	60%	1,060,673	15,617,690	0.254	3.75
Tot. (Esn. Region Pump)	50,112	9,133,870	5,675,376	62%	2,223,461	31,543,877	0.243	3.45
Canal flow (Esn, Region)	-	69,975,322	43,709,850	62%				
TOT. (EAST REGION)	50,112	79,109,192	49,385,226	62%	2,223,461	31,543,877	0.028	0.40
MID CLARENDON (DW)	35,310	12,536,720	15,103,946		2,317,878	37,556,464	0.185	3.00
River		15,932,860						
MCID (DW + RIVER)	35,310	28,469,580	15,103,946	53%	2,317,878	37,556,464	0.081	1.32
Hounslow	4,804	2,716,146	2,088,534	77%	800,572	11,918,992	0.295	4.39
Braco	2,763	532,357	497,700	93%	47,026	813,043	0.088	1.53
TOTAL (Western)	7,567	3,248,503	2,586,234	80%	847,598	12,732,035	0.261	3.92
OVERALL (pumped)	92,989	24,919,093			5,388,937	81,832,376	0.216	3.28
GRAND TOTAL	92,989	110,827,275	67,075,406	61%	5,388,937	81,832,376	0.049	0.74

Operations

The pumping station in Freetown was completely submerged during the passage of Hurricane Wilma while some pumping stations in the Hounslow area were without power supply for approximately one (1) month.

There were clear signs of agricultural recovery during the last quarter of the year. This we hope will continue into the future.

(ii) Reduced production in the sugar industry

This industry is the principal user of irrigation water on the Clarendon & St. Catherine plains. Lower production levels as well as uncertainty over continued operations at the Bernard Lodge and Monymusk factories have had a negative effect on both agricultural production and water use in the Rio Cobre and Mid-Clarendon schemes.

(iii) Conversion of lands from agricultural use

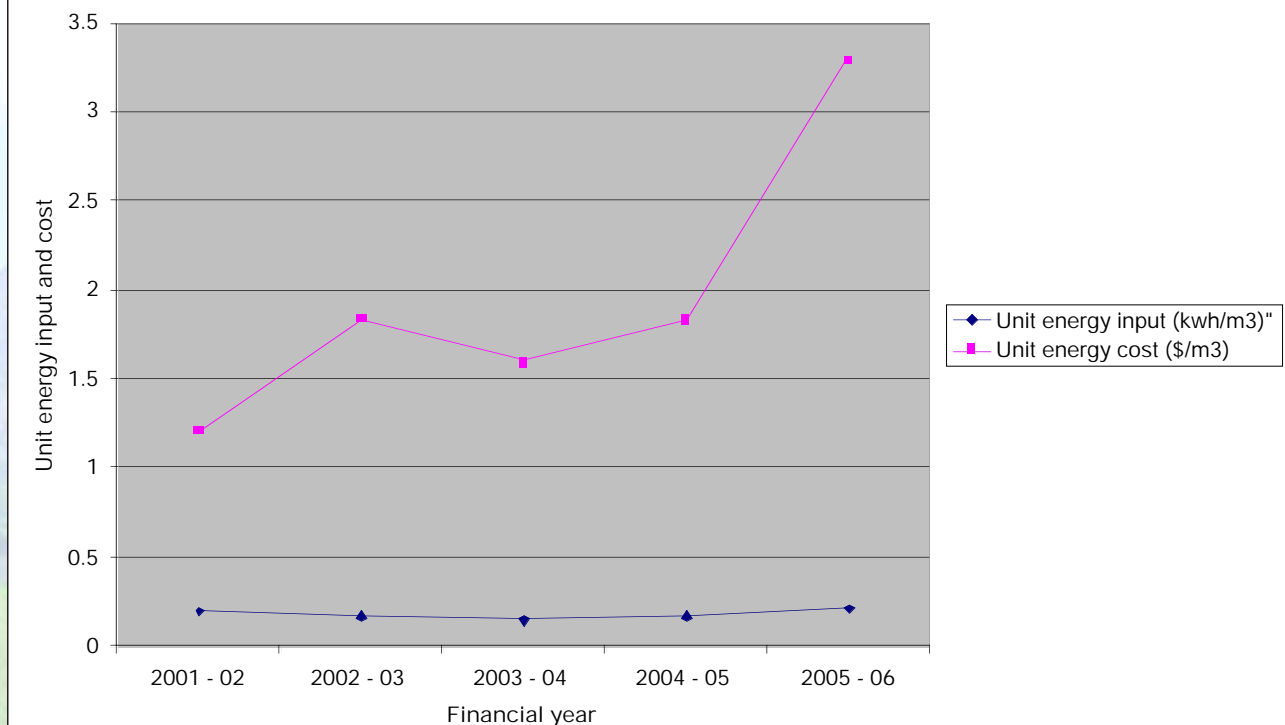
This practice has continued largely on the St. Catherine plains especially on lands adjacent to the Highway 2000 corridor. These areas are continually competing both formally and informally for housing solutions. It is our hope that proper zoning and increased agricultural development will allow for the retention of these most productive lands for agricultural purposes.

As a result of the adverse weather conditions and the subsequent reduced agricultural activity during the year, the volume of water produced fell by 8% when compared to that of last year. This decrease was greatest in the Mid-Clarendon scheme where water production declined by 12%. Additionally, the overall invoicing levels fell from 67% in 2004 –2005 to 61% during this financial year. **Pumping operations continued however and where demand was low, the water was diverted.** This resulted in substantially higher levels of water being produced despite the low demand by agriculture.

The NIC hopes that the improvement in agricultural production seen in the fourth quarter will be sustained, thus leading to increasing irrigation demand and consequently higher invoicing levels.

Operations

Fig 1: Unit energy input and unit costs for period 2001 - 2006



Energy cost increased dramatically during this period, resulting in NIC paying an additional \$15.8 million for electricity use. While overall water production and invoicing levels declined, the unit energy input cost for water increased from \$1.83/kwh the previous year to \$3.28/kwh during this financial year (figure 1). This 80% increase in energy cost is directly related to the increased cost for electricity. Given the increased cost of fuel and the depreciation in the Jamaican currency, the electricity costs are expected to continue to trend upwards. Additionally, the overall low water demand during the year resulted in the pumps operating at less than their optimum capacity. This also contributed to the higher than normal unit energy input during 2005 as compared to 2004.

One positive effect of the floods was the increased availability of river flows in the Mid-Clarendon

area. This has allowed some respite in pump use as some stations in Mid-Clarendon could be turned off and the increased gravity flows utilized. In order to fully utilize the river flows however, substantial capital is required to improve the river intakes and the canal distribution network. The Old Milk River canal and the Old content canals are two primary structures that require urgent attention.

For the 2006 financial year, the NIC intends to pursue several opportunities aimed at improving the invoicing levels by reducing the levels of uninvoiced flows. These include:

- (i) Increasing flow measurements mainly in the Rio Cobre and Mid-Clarendon areas.
- (ii) Continuing the energy management programme.

Operations

- (iii) Garnering support for programmes aimed at increasing both the land area under production and the customer base. This strategy includes greater cooperation with the state agencies including the Ministry of Agriculture through the Agricultural Support Services Programme (ASSP). To date, joint projects have been identified at Amity Hall in St. Catherine and Ebony Park in Clarendon.

Energy Management Programme

During the 2005 financial year, the NIC undertook an energy audit in order to identify the conservation opportunities for future investments. The main findings of the audit included:

- (i) The need to implement JPSCO rate changes to Rate 40 for several pumping stations. These changes have already been implemented.
- (ii) Retrofitting some pumping stations including the installation of capacitors to reduce KVA demand. A total of five stations were identified.
- (iii) Improving the operations management on some schemes. This includes improved flow measurements at pump stations, better assessment of on-farm water use as well as training of both supervisors and system operators in Energy Management.
- (iv) Introduction of an Energy Management Information System (EMIS) along with the employment of an Energy Coordinator.

These items were included as part of a \$12 million energy management programme introduced during the financial year. The NIC hired an energy consultant Mr. Frank Lawrence to undertake the programme over a 12-month period. The main

achievements are set out in table 2. When completed the programme is expected to result in annual savings of approximately \$13 million along with a fifteen per cent (15%) reduction in per unit energy use.

Table 2: Major achievements under the energy management programme

Objective	Stations identified in Audit	Stations completed to date	Exp Cost (\$) * 000	Exp. annual savings (\$) * 000	Remarks
JPSCO Rate class change	5	3	0.00	350	-
Capacitance retrofitting	6	5	1,414	672	Clarendon
Flow metering	35	0	6,900	915	Bids out for 7
Pilot hydraulic simulation	7	-	1,000	960	Commenced
Install Energy Infor. Sys.	-	-	2,000	1,500	-

As part of the programme to improve both the energy and overall operations management, the NIC selected both Block E and Spring Village Networks for detailed analysis under the pilot programme. These areas are supplied with water through pressurized networks and show some of the lowest invoiced levels.

2. Electrical & Mechanical Maintenance

Pump and Motor Maintenance

The Preventative Maintenance (PM) Programme continued to provide benefits through reduced downtime and repair costs. There were only two motor failures during the year, the first one being

Operations

the Lime Tree Well while the other was the Ebony Park Relift. The department experienced five turbine failures, mainly in the Bernard Lodge area where several of the wells also are reported to be underperforming. The pump maintenance programme will be intensified in this Bernard Lodge area in an effort to reduce failure. Members of the department worked tirelessly to return the stations to full service after each storm. This was a challenging job for which all should be congratulated.

New Pump Installations and Rehabilitation

During the year under review, a new pump was installed at the Port Henderson Pump Station to improve the reliability of irrigation supplies to the Block E area of Bernard Lodge. The installation included a 'soft starter' which is expected to save both energy and water flows. The Ebony Park Relift station in Clarendon was rehabilitated to provide irrigation service to the farmers on that project. The Ebony Park improvement represents an effort by the NIC to increase both its customer base as well as the land area under irrigated agriculture.

Many of the deep well turbines in the NIC network were installed more than 40 years ago and have now exceeded their economic life. NIC intends to commence replacing these turbines at some of the key pumping stations through its Replacement Programme during the next financial year. These stations include Ebony Park, Bowers and Rhymesbury.

Workshop Operations

The workshop continued to provide high quality service in several areas including pipe repairs, equipment servicing, measuring device fabrication and general repairs.

Some of the major projects completed include:

- Repairs to the aqueduct along the Rio Cobre main canal.
- Installation of flap gates in BRUMDEC
- Fabrication of the pipe manifold at Port Henderson

3. Civil Works

During the year, the Civil Works Department under the leadership of Mr. Cecil Thompson continued work on pipe and canal repairs, connections and disconnections as well as canal rehabilitation and repairs. The quantity of repairs to pipelines as well as meter installations in Clarendon and St. Catherine are shown in table 3. In addition to the irrigation works, the department also supervised several canal lining repair projects mainly in the Mid-Clarendon District.

Table 3: Pipe repairs and hydrant/meter installation in Clarendon, St. Catherine and St. Thomas

Location	Blocks A – E	Spring Village	Thetford	Bowers	Sandy Bay	Yallahs	MCIA	TOTAL
Infrastructure								
Hydrants & Valves	7	16	8	0	2	0	14	47
Pipeline	13	22	8	7	15	2	40	107
Meter	1	11	5	0	2	0	17	36
TOTALS	21	49	21	7	19	2	71	190

Operations

Frequent pipeline repairs became necessary in the Spring Village area as the pipe network has now exceeded its useful life. This scheme has been considered for one of the pilot areas for both energy and system management improvement.

In addition to repairs and installation to valves, the department commenced a major programme in Clarendon to repair as well as replace canals with low-pressure polyethylene pipeline. Approximately 3200 metres of canals were repaired and 1740 metres of pipes installed. This has impacted positively on seepage losses through these canals. Citizens' complaints against seepage of water on their properties were greatly reduced. Subject to availability of funds, the repair and replacement programme will continue during the coming financial years.

The department supervised several projects under a \$46 million IDB Flood Damage Rehabilitation Programme.

The work was carried out jointly between the NIC and the National Works Agency (NWA). A description and value of some of the principal projects achieved under the programme are outlined in table 4.

Table 4: Some selected projects completed under the IDB Flood Rehabilitation Programme

	Location	Description	Value (\$)
St. Catherine			
1	Rio Cobre Head Works	Desilt intake and Repair 3 Sluice gates	975,000.00
2	Rio Cobre Main Canal	Procure Gabion Basket	6,577,470.00
3	Morgan Spring	Construct Stone Masonry Wall	6,521,445.50
4	Lower Main Canal	Replace and Protect eroded embankment	1,806,500.00
5	Caymanas Branch Canal	Protect River Bank and Protect Siphon at FIDCO	9,034,960.00
St. Thomas			
6	Yallahs River, Easington	Lay pipe & protect with gabions	9,312,800.00

Some of the works are also shown in the pictures following.

The completion of these projects has significantly improved the damaged distribution infrastructure especially in the Rio Cobre region. Farmers in Albion, St. Thomas also benefited from the replacement of the Yallahs pipeline at Easington.



Commencement of gabion protection works along the Rio Cobre River, Spanish Town



The completed gabion works at Rio Cobre, protecting the river bank and NIC works.

Operations



Preparing the Rio Cobre Main Canal aqueduct for repairs

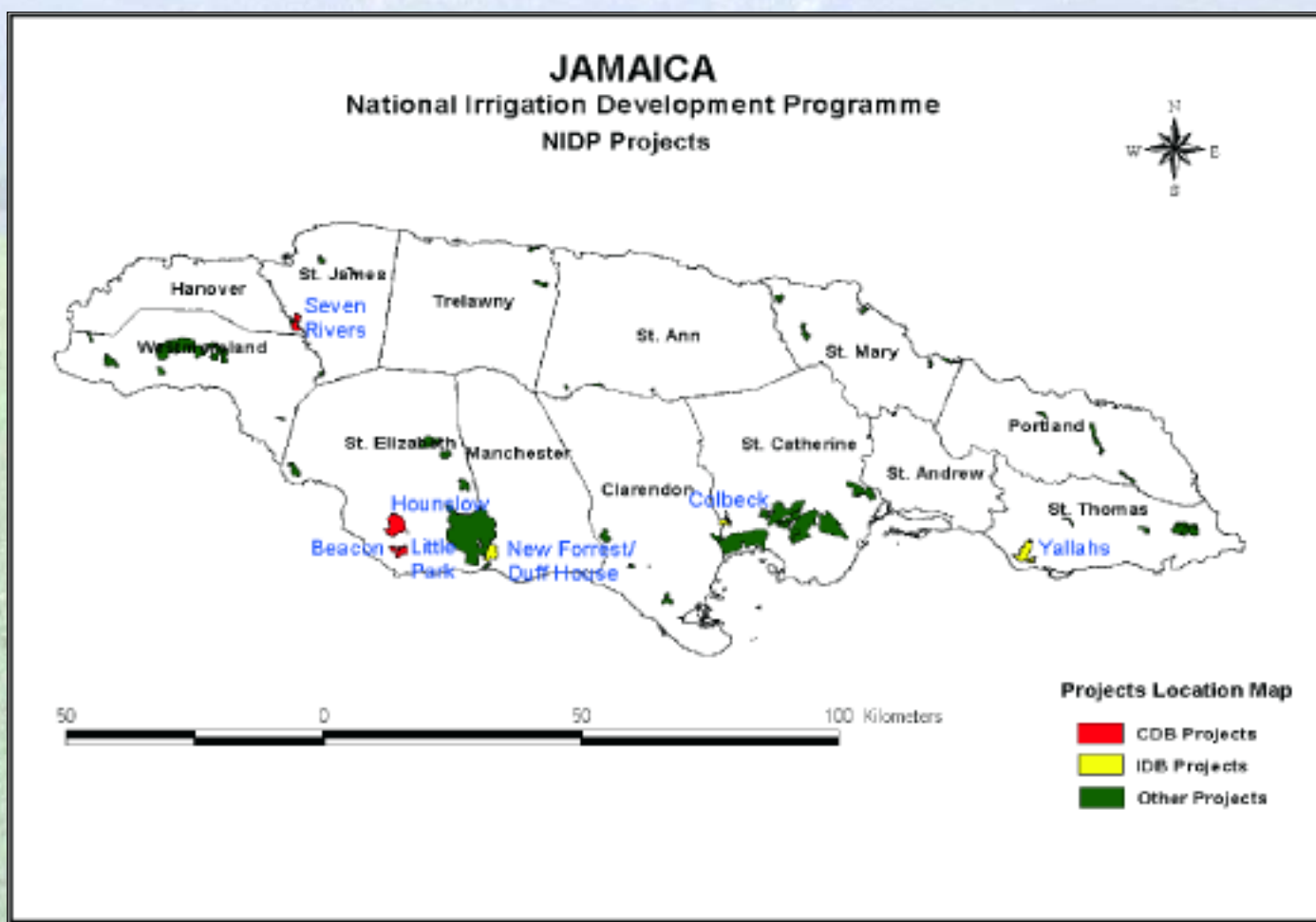


Finished stone masonry repairs under IDB Flood Rehabilitation Programme

National Irrigation Development Programme

CORPORATE OBJECTIVE

To increase agricultural production and farmers' income as a result of improved irrigation management practices in the irrigable areas prioritized in the NIDP.



National Irrigation Development Programme

Master Plan

In 1998 the Government of Jamaica (GOJ), through the National Irrigation Commission, prepared a **National Irrigation Development Plan**. The objective of the study was to develop a Master Plan, which would identify and prioritize projects for implementation. The Plan is expected to complement the GOJ's long term agricultural development plan to year 2015, and **further the Government's proposed plan to increase farmer participation in irrigation and make the NIC self sustainable**.

Main Features of NIDP

The specific outputs of the study were:

1. The preparation of a Master Plan;
2. Feasibility Studies on selected priority projects from the Master Plan;
3. The preparation of a Land and Water Atlas for Jamaica (GIS).

The **Master Plan** in accordance with the terms of reference contains the following:

- review of the state of agricultural production with irrigation development;
- recommendations on irrigation policy and strategies to successfully implement the NIDP;
- proposals for institutional strengthening;
- generic environmental assessment on the irrigation sector;
- identification of projects and ranking them in order of priority;
- a training programme in irrigation management.

The National Irrigation Development Plan is designed with the intention **of recovering the Operation and Maintenance (O&M) costs** of new

and rehabilitated irrigation systems. The NIDP

- evaluated over 125 projects island-wide and recommended 51 of these projects at a construction cost of US\$ 106.3 million by the year 2015.
- will increase the presently irrigated area of 25,000 ha by some 60 per cent (15,000 ha) and directly benefit over 6,900 farm families.
- will generate an average increase of US\$ 55 million in annual income, consisting of US\$ 32 million of income to farm families, and US\$ 23 million in wages to farm labour.
- will increase total annual agricultural production by US\$ 132.5 million.

Farmer Participation

The involvement in the planning process, of farmers and government officials at the national, regional and local levels was considered essential and hence special emphasis was placed on Stakeholder Consultation.

Continued development in this sector is premised on the need for farmer participation - a process that will assure a greater rate of cost recovery, lessen the burden on the central government, and promote the sustainability of irrigated agriculture through decentralized local self-governance.

Government will encourage the formation and functioning of Water User Associations (WUAs) as legal entities (e.g. co-operatives or limited liability companies). Farmers will be members and shareholders who will have the power to govern these organizations. Responsibility for local management of water distribution, monitoring and system maintenance, will be assumed by the WUAs.

National Irrigation Development Programme

CDB's Funding of Pilot Projects

Feasibility studies were done on medium and small-scale projects in four areas and the following three (3) were found feasible:

- **Pedro Plains (Beacon & Little Park) - St. Elizabeth**
- **Seven Rivers - St. James**
- **Hounslow Rehabilitation - St. Elizabeth**

The Government of Jamaica and the Caribbean Development Bank have undertaken to fund these three Flagship Projects. The total investment slated for the three projects is US\$12million over the next three years.

Pedro Plains (Beacon & Little Park) - St. Elizabeth

One (1) new well has been drilled at Beacon and three (3) new wells in the Little Park area. Pumping stations, distribution pipelines and on-farm irrigation systems will be installed to service a total project area of about 467 hectares.

The Beacon and Little Park Project will provide an additional 61,100 person-days, equivalent to about 235 full-time jobs, of rural employment, most of which will probably be done by the farm households. The net increase in annual income to farm households, assuming they perform all of the supervision, management, and half of the farm labour, will be J\$101.6 million.

The total annual value of the increase in production from the St. Elizabeth Projects is J\$533.2 million (US\$8.6 million) of which about one-third is from potential export crops, such as thyme, peppers, pumpkin, and sweet potato.

Seven Rivers - St. James

The Seven Rivers Project consists of an intake on the Seven Rivers, a tributary of the Great River, and gravity conveyance by pipe (2.8 km) to the farming area (32 ha.)

This project will provide an increase of 2,636 person-days of rural employment. The total value of the increase in production is J\$6.5 million of which about half is from potential export crops, such as dasheen, peppers, pumpkin and citrus.

Hounslow Rehabilitation - St. Elizabeth

The present Hounslow Irrigation system (total project area of 486 hectares) needs extensive overhauling for improvements in distribution and efficiency.

The existing five (5) wells will be rehabilitated and distribution improved. This project will provide an additional 58,220 person-days of rural employment, equivalent to about 225 full-time jobs. The net increase in annual farm household income from the project will be J\$31.4 million.

A Project Steering Committee consisting of stakeholders, and representatives from the relevant Ministries and the PIOJ has been established to oversee and monitor the progress of the implementation of the three flagship projects.

Status of CDB Flagship Projects

Procurement of materials and the Construction of the Irrigation Infrastructure for the three (3) NIDP Pilot Schemes funded by the CDB, have been divided into 5 Contracts, Contracts A, B, C, D & E.

National Irrigation Development Programme

Contracts A-C are for the Installation of Pipes, Fittings, Valves and Appurtenances on each of the three areas respectively. Carib Engineering Corporation Ltd. (CECL) has been engaged by the NIC to provide engineering supervision services during the construction of the projects.

Contract A

Contract A Data

Location: **Seven Rivers (St. James)**

Contractor: Y.P. Seaton & Associates Co. Ltd.

Contract Amount: JS23, 791,323.38

Revised start-up date: November 2005

Contract Period: 9 months

The contract for the execution of works was signed on November 23, 2005 and the contractor took possession of the site on February 8, 2006 commencing with the setting up of the site office and preliminary layout surveying. The construction phase of the Seven Rivers Irrigation System was launched on March 3, 2006. By the end of March 2006, approximately 0.7 km or 13.5% of the pipe laying works had been completed.



From left to right: Rev. Dr. Garnet Brown, Hon. Harry Douglas, Hon. Derrick Kellier, MP for St. James, Desmond Brunton, Vice President of CDB, Minister Donald Buchanan and Genefa Hibbert, Permanent Secretary in the Ministry of Water and Housing, at the Seven Rivers' launch.

Contract B

Contract B Data

Location: Hounslow Rehabilitation
(St. Elizabeth)

Contractor: M & M Jamaica Ltd.

Contract Amount: JS41,037,700.00

Proposed start-up date: June 2006

Contract Period: 15 months

Discussions with the contractor for cost adjustments and the finalization of the terms of this contract are underway.

Contract C

Contract C Data

Location : Beacon/Little Park (St. Elizabeth)

Contractor: M & M Jamaica Ltd.

Contract Amount: \$53,531,115.00

Status: Practical completion,

Defects Liability Period



From left to right: Rev. Dr. Garnet Brown, Chairman; Hugh Bonnick , General Manager, Y.P. Seaton and Associates; M. Stephen Lawrence, Project Director (NIDP) and Donovan Reid, Managing Director, at signing ceremony.

National Irrigation Development Programme

M&M Jamaica Ltd. took possession of the site in January 2005. The contract duration was 15 months, but the contractor accelerated the work programme and finished the required work ahead of schedule (within 9 months). The contract is now in its Defects Liability Period (12 months), and certain minor remedial works are being done under the supervision of CECL.

Contract D

This is for the Supply & Installation of Pumps and Switchgear for the wells in the two St. Elizabeth schemes (Beacon/Little Park & Hounslow). The contract in the amount of J\$ 102,317,775.86 was awarded to Jamaica Wells & Services Ltd. and was signed on November 23, 2005.



Richard Simpson, Managing Director of Jamaica Wells and Services Ltd. and Minister of State Hon. Harry Douglas, signing Contract D, while James Simpson, President of Jamaica Wells, Donovan Reid, and Hon. Donald Buchanan look on, with Rev. Dr. Garnet Brown in background.

Below is the proposed schedule for the implementation of Contract D in Beacon/Little Park.

Mobilization of Contractor - Dec. 2005 – January 2006

Construction of Civil Works - January – April 2006
JPS Installation - May – June 2006

Delivery of Pumps and Equipment - June/July 2006

Installation and Testing - July/August 2006

Commissioning of Equipment - September 2006

Work commenced on January 2, 2006 and construction of physical infrastructure, associated with the Motor Control Centre Buildings etc., is progressing satisfactorily. Two engineers from CECL visited the Pump Manufacturer in Mexico (March 2006) to inspect and observe testing of the pumps. They have reported general satisfaction with the equipment and have authorized the shipment to Jamaica.

Contract E

This is for the Supply of Pipes, Fittings, Valves and Appurtenances for all schemes. This contract was awarded first.

Contract E Data

Contractor: **Trans Carib Enterprises Limited.**

Revised Contract Amount: US\$2,304,666.08

Signed: May 14, 2003

All deliveries of Pipes, Fittings, Valves and Appurtenances to the project's Materials Storage Yard in St. Elizabeth, have now been completed. Final verifications of materials quantities, and compliance with specifications, have been completed by an independent inspector.

Other Project Activities

Agricultural Technical Services

Work on the provision of Agricultural Technical Services to project beneficiaries is continuing under the direct supervision of the ASSP. This is being coordinated by the Agribusiness Development Officer (ADO) specifically engaged and assigned to this project. Monthly progress meetings continue with the ASSP. A Production Project has been initiated on 50 acres of land in Hounslow for a select group of farmers from the Pedro Plains/Hounslow area. The group is

National Irrigation Development Programme

registered under the Industrial & Provident Societies Act. ASSP was instrumental in assisting the group in developing a production and marketing plan, and in securing loans for working capital. Planting started in November 2004 and reaping and delivery to contracted buyers are ongoing. A project proposal for the Seven Rivers area has been prepared by the ADO and the Executive Committee of the Water Users Group is now perusing the document before presenting it to the general membership for acceptance and implementation.

Water Users Associations (WUAs)

Working with Water Users Groups and training of farmers continue in the project areas, in preparation for the formation of WUAs as legal entities and their future role in the management of irrigation systems. This is presently being spearheaded by the Project Implementation Unit, with guidance from the Social Organizer Consultant. New executive bodies for both the Seven Rivers Group & the St. Elizabeth Groups have recently been elected.

IDB's participation in funding of NIDP

The Inter-American Development Bank (IDB) continues to demonstrate its commitment to support Jamaica's Irrigation Sector. The NIDP Master Plan, which now provides the blueprint for development in the Irrigation Sector was funded by the IDB between 1996 and 1998. Over recent years, there has been much discussion between the IDB and the Government of Jamaica with respect to Water Policy and the future direction of the NIC. With agreement on these issues, both parties signed an Irrigation Development loan on May 27, 2005 for the implementation, over a period of five years, of some of the priority projects identified in the NIDP, as well as to provide the necessary resources to effect institutional strengthening for NIC's changing role (Total cost, US\$ 21.5

million).

Conditions Precedent to First Disbursement of proceeds from the loan are now being satisfied by the Government of Jamaica.

Main Components of proposed IDB funding

- I. Institutional Strengthening of the NIC
The NIC will be reorganized to progressively focus on planning, monitoring and regulating the irrigation sector. This component will achieve the following five outputs: (i) NIC business strategy developed and Company reorganized; (ii) Management of Information Systems (MIS) strengthened; (iii) Accounting systems strengthened; (iv) Billing systems strengthened; and (v) Operations strengthened.
- II. Promotion and Formation of Water Users' Associations
It will support (i) the establishment of a WUA Support and Regulation Unit within the Programme Implementation Unit, and (ii) the formation and consolidation process of WUAs in all NIDP irrigation systems, i.e., Yallahs, Colbeck, New Forest, Essex Valley and Saint Dorothy. In each of these systems, a specific action plan will be implemented.
- III. Technical Assistance and Training for Farmers
It will support farmers' economic activities by training them in the correct use of relevant agricultural and marketing techniques to properly manage their natural and financial resources under irrigated conditions, and therefore, enhance the performance of their agricultural businesses.

National Irrigation Development Programme

- IV. Construction of Irrigation System Infrastructure

The irrigation infrastructure include wells, pump houses, power supply, pipe networks, pumping equipment, and on-farm systems in five irrigation areas: Yallahs, Colbeck, New Forrest/Duff House, Essex Valley and Saint Dorothy. It is estimated that these systems will benefit about 1,700 ha and 1,000 farmers.

Feasibility evaluations and Final Designs have been completed for the initial three (3) proposed projects:

• Yallahs, St Thomas

Over 400 farmers on 313 ha will benefit. Three new wells will be drilled and existing damaged water sources will be reinstated.

Crops are mainly vegetables, but also include bananas and fruit trees.

• Colbeck, St Catherine

Over 90 farmers on 110 ha will benefit. One new well will be drilled and an existing well renovated. Road and drainage improvements are also planned. Crops are mainly vegetables, but also include bananas and fruit trees.

• New Forrest/Duff House, Manchester

Over 420 farmers on 368 ha will benefit. Five new wells will be drilled to provide secure water supplies. Crops are mainly vegetables, but also include bananas and fruit trees.

Main Features & Costs of First Three IDB Projects

Project	Yallahs	Colbeck	New Forrest/ Duff House
Crop area, ha	313	110	368
Number of Farmers served	400	90	420
Construction Cost, US\$ x 10⁶	2.020	0.869	2.978
Annual O & M Cost, US\$ x 10 ⁶	0.07	0.05	0.36
Financial IRR, %	> 100	63	> 100
Economic IRR, %	39	36	36

Information Systems

CORPORATE OBJECTIVE

***To use Information and Communication Technology (ICT)
to enable improvements in NIC's business
processes and provide support services
to achieve corporate goals.***

The focus of the Information Systems (IS) Department was sustained in achieving its corporate objective within NIC's business strategy. The departmental objectives for the fiscal year were as follows:

- Provide and/or acquire technical training in at least 4 operational software used in the NIC
- Reduce redundant computer equipment by at least 50 percent
- Start the development of the new Customer Information & Billing System (CRMS)
- Implement a Wide Area Network for the NIC
- Enhance communication through the increased use of Micro Soft Outlook up to 85 percent
- Ensure company wide participation in data / disaster recovery
- Enhance Information Technology infrastructure by upgrading end user processing capacity.

The IS Department focused on the following strategies within the framework of NIC's corporate objective:

- Continue the transition from the use of manual systems to Computer Based

Information (CBI) Systems.

- Deliver timely, efficient and cost effective Computer Based Information systems to reduce operational costs through improved efficiencies
- Ensure the coordination of NIC's business activities through the integration of Computer Based Information (CBI) Systems.
- Enhance customer service through the provision and availability of relevant information
- Ensure the continuity of business at the NIC by implementing a disaster recovery plan for the security and recovery of mission critical data.

Continue the transition from the use of manual systems to Computer Based Information (CBI) Systems.

The transition process covered two areas:

- The acquisition of relevant computer hardware and software that will standardize all systems
- The training of Human Resource Personnel in developing expertise in the use of Information and Communication Technology.

The IS Department acquired two software applications for the Commission namely, the ISA Server 2004 and the McAfee Antivirus. The ISA

Information Systems

Server 2004 is an upgraded version of the MS Proxy 2000 that was in use for Internet services while the Antivirus is a renewal of user licences for computer users.

A total of twelve (12) desktop computers were identified for replacement; four (4) of these were replaced throughout the Commission. With the increasing importance of mobile computing, five (5) laptops which were used by the Operations and Corporate staff and which were identified as obsolete, were all replaced.

In addition, other hardware acquired included:

- A Server for the Mid-Clarendon District Office to boost network services in that region
- A Multi-media projector for the wider NIC to enhance the delivery of presentations
- Deployment of memory to 30 desktops to boost processing capability required for newer software and upgrades.

The development of human expertise in the IS Department was supported by external training in:

- The Deployment and Configuration Microsoft ISA Server 2004
- Implementing and Managing Microsoft Exchange Server 2003

Internal training focused on the Financial/Human Resource Division in the use of the Microsoft Business Solutions-Great Plains package.

Deliver timely, efficient and cost effective Computer Based Information Systems to reduce

operational costs through improved efficiencies

The upgrade of Microsoft Business Solution-Great Plains from version 7.5 to 8.0 in April 2005 was a planned step to improve the user friendliness of the software.

Then in October, the system was enhanced with the installation of Service Pack 3 (SP3) for Great Plains.

Return on investment in Great Plains was further realized by the electronic update of Personnel Records from July through to August 2005. Management now has easy access from their desktops to information required for reports or decision-making.

The Great Plains Software includes:

- Human Resource Management
- General Ledger
- Bank Reconciliation
- Accounts Payables
- Fixed Asset
- Inventory
- Procurement
- Project Management

The intention of the IS Department was to begin the software development of the new Customer Relationship Management System (CRMS), that includes the Customer Information & Billing System. But the lack of funding has delayed this very important project to the next financial year.

Ensure the coordination of NIC's business activities through the integration of Computer Based Information (CBI) Systems.

The Department focused its attention on local infrastructure in preparation for a Wide Area Network in keeping with its objective of total and

Information Systems

fast network connection. Local network infrastructure began with the rewiring of the Mid-Clarendon District Office. The specification was done using the International ISO 9001 Standards. In addition, the Network at the Operation Centre was expanded. These specifications will allow the maximum benefits widely available in terms of speed and the amount of data transmitted at one time.

Internet connection was upgraded with the following actions:

- ADSL installation at the St Dorothy District Office in June 2005 (High speed internet connection)
- ADSL installation at the Mid-Clarendon District Office in July 2005
- Increased Internet speed at the Corporate Office and also at the Rio Cobre Office from 1.0 to 1.5 Gbps (Gigabyte per second).

Technological collaboration was increased with the deployment of MS Exchange Server and MS Outlook 2003 mailing system at the Mid-Clarendon Office. The objective was to have all offices on one messaging platform.

The benefits include:

- Savings in paper and time with respect to disseminating information
- Availability and immediate information flow
- Increased productivity through team work from different locations/offices
- Individual organizer and activity management tools (digital diary).

Enhance customer service through the provision of relevant information

The IS Department continued to maintain the Customer Information System to reflect and satisfy the demands of both the internal and external customers, the objective being:

- Instant access to Customer Information
- Ensuring that the right data was delivered

to the relevant persons.

- simplifying access to information.
- Providing necessary hardware to field staff.

In July 2005, the NIC's website was redesigned and relaunched. The goal being to make information on the NIC current and available to all audiences. Strides in the use of the Geographic Information System (GIS) were made by making more digital data on infrastructure available to the Operations staff. These included:

- Canals
- Wells
- Pipelines in Hounslow

Advancement in the use of the GIS process in the period was affected by the cost of and difficulty in acquiring external base data.

Ensure the continuity of business at the NIC by implementing a disaster recovery plan for the security and recovery of mission critical data.

The availability of data is critical to the operation of any organization. It can be destroyed by system malfunction, accident or intent. Therefore, adequate backup will allow data to be readily recovered when necessary. In light of this and in order to minimize any potential loss or corruption of data, the IS Department took responsibility for providing and operating administrative applications needed to ensure that data is adequately backed up, by establishing and following an appropriate System Backup Procedure.

In addition to the standard backup and security measures practised by the IS Department, a new Disaster Recovery and Backup Procedure was developed. The rationale for this procedure in our enterprise network and information environment is to set out actions that address four fundamental objectives:

- Continuity of the organization
- Confidentiality of information
- Integrity of data and
- Availability of information

Commercial

CORPORATE OBJECTIVE

To expand the customer base, maximize the collection of revenue and to ensure continued customer satisfaction.

WATER SALES & DRAINAGE

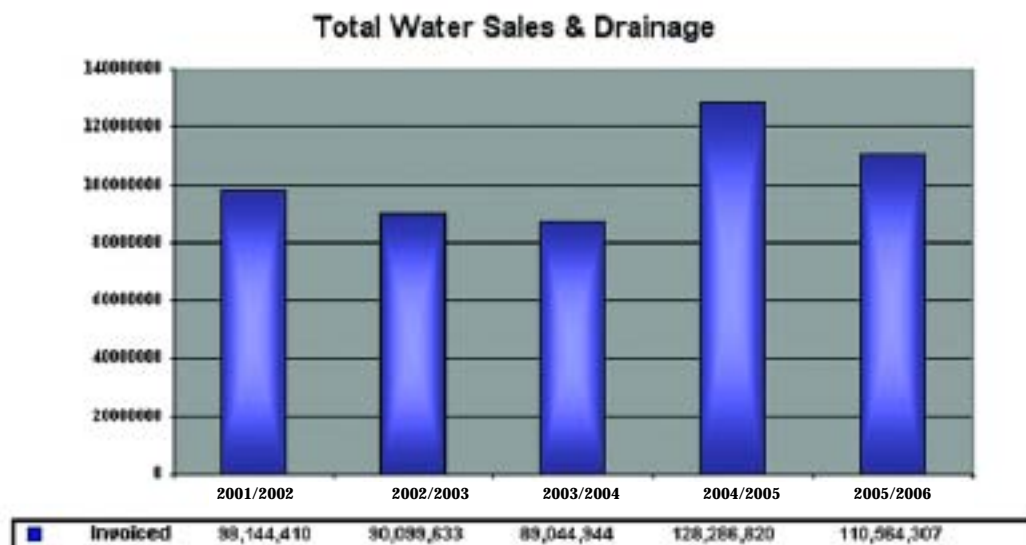
Water sales and drainage for the year under review fell by 13.8% from \$128.3 million to \$110.6 million.

Two contributors to this situation were: -

- (1) The reduction in the demand for irrigation water which is as a result of flooding and heavy rains during the hurricane season;
- (2) Property damage caused by heavy flooding, which resulted in reduced farming activity.

The Commission continues to facilitate delinquent customers by way of payment arrangements. However, other appropriate measures are being pursued, where necessary, to recover outstanding amounts. Despite these major challenges, the percentage rate of collection fluctuated between high eighties and low nineties.

The Commission's levels of invoicing for the financial years 2001/2002 to 2005/2006 are outlined below:-



Commercial

Customer Service

The Commission continues in its quest to improve its customer service. To this end, the Commercial Department held a Customer Appreciation Day at the Hounslow Office, St. Elizabeth in May 2005. The customers got the opportunity to voice their concerns and make suggestions.



Vanica Cranston, Director of Commercial Operations addressing farmers at NIC's Customer Appreciation Day in Hounslow, St. Elizabeth.

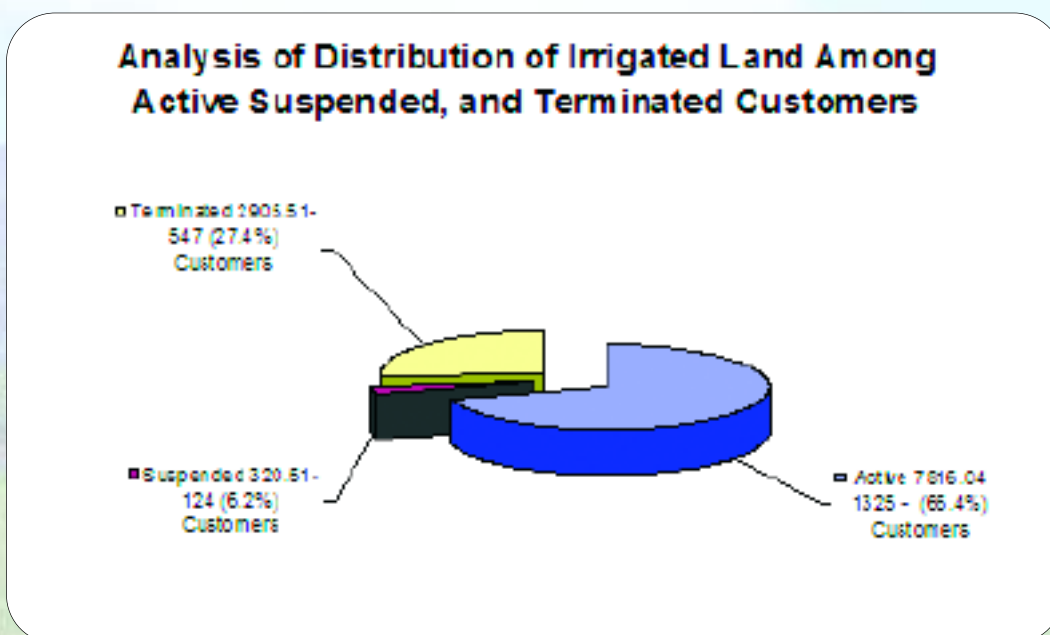


Managing Director, Donovan Reid, presenting Etibella Stewart, the Best Paying Customer, with her prize as Vanica Cranston looks on.

Commercial

Customer Status

The following chart depicts the distribution of irrigated lands among customers classified as active, suspended and terminated. With a total customer base of 1,996 occupying 11,042.07 hectares of land, 66.4% or 1,325 on 7,816.04 hectares were active, 6.2% or 124 on 320.51 hectares were suspended and 27.4% or 547 on 2,905.51 hectares were terminated.



Complaints

With the Commission's on-going emphasis on Customer Service and awareness, complaints were drastically reduced. There was only one major complaint in the Western Region and this was dealt with at the Head Office.

follows: -

- (1) Twenty-two (22) applications were approved;
- (2) Twenty (20) pending.

Irrigation Water Applications

Eastern Region

Applications for the year under review fell by 42.46% from 73 to 42 and were categorized as

Western Region

Applications received fell by 48% from 129 to 67 and were categorized as follows: -

- (1) Fifty-five (55) were approved;
- (2) Twelve (12) pending.

Finance & Corporate Planning

CORPORATE OBJECTIVE

To continue development of financial management systems to provide accurate, reliable, timely and relevant information for decision-making to ensure that financial resources are optimally developed to drive service delivery.

Financial Summary

The National Irrigation Commission Limited recorded an increase in Operating revenue of \$27.4M or 6.65 percent. This performance comes in the face of a challenging year as several hurricanes affected the island. Notwithstanding, the Government of Jamaica increased its subsidy on behalf of farmers by \$17.6M to \$279.176M. These increases were not sufficient for the delivery of irrigation water to its customers. The real subsidy required was \$338.1M (2005: \$264.78M).

Other key financial highlights during the period under review included:

- An increase of 23.6 percent in the accumulated surplus over the previous year to \$114.9M (2005: \$93M)
- Cost of producing water and distribution to farm gate increased by 15.18 percent over 2005. This increase was a result of work undertaken because of the hurricanes during 2005/2006.
- Although electricity cost increased during

the year, the Commission was able to reduce the total cost of energy used, by 2.87 percent to \$88.2M (2005: \$90.8M). This reduction is a direct result of measures implemented by the Operations Department and supported by the Financial Division.

- The Commission maintained a current assets ratio of 1.12:1 (2005:1.17:1)

Highlights of International Financial Reporting Standards (IFRS)

For the year ended March 2006, the company adopted IAS 24 and IAS 1 (revised 2003), which deals with related party disclosures and financial statement presentation.

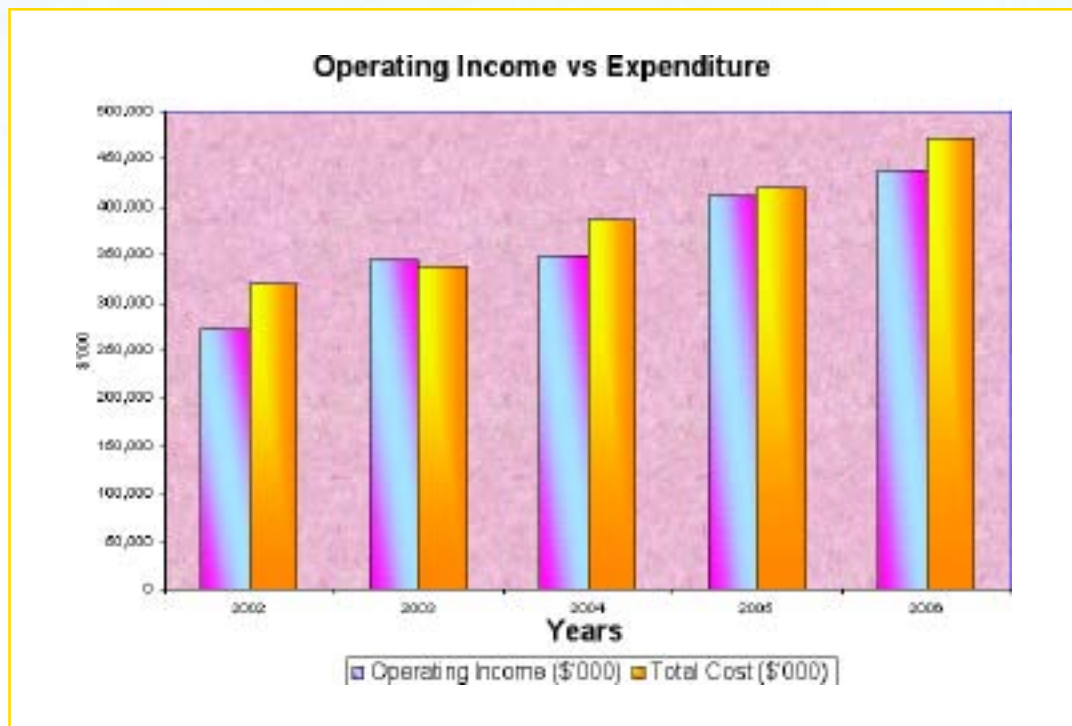
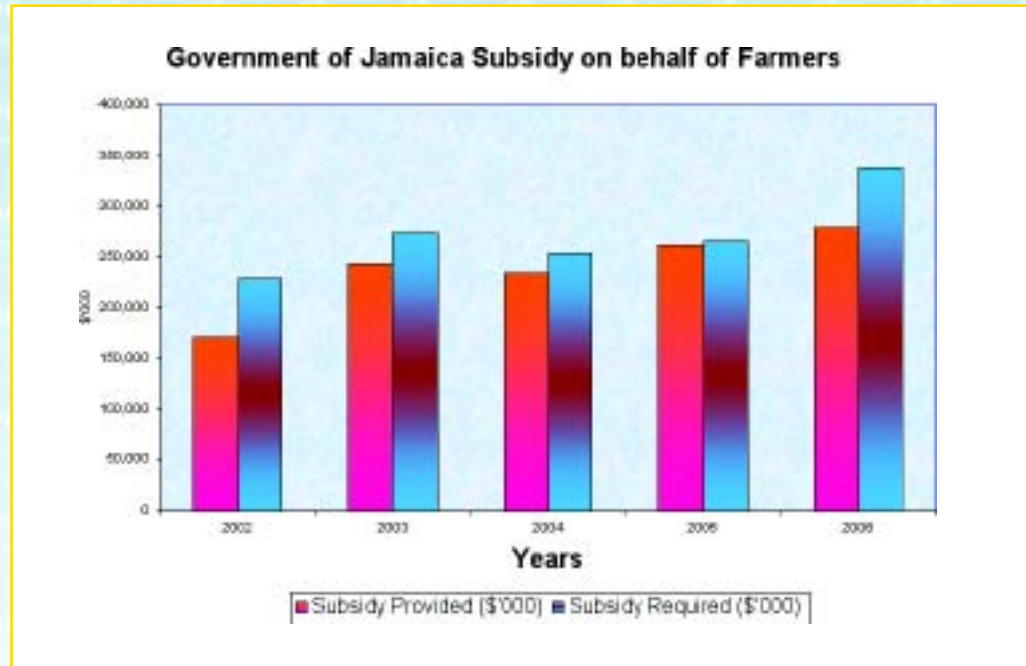
The adoption of IAS 1 and IAS 24 to conform to IFRS did not result in any substantial changes to the Company's accounting policies; nor were there any quantitative impact on the financial statements.

Finance & Corporate Planning

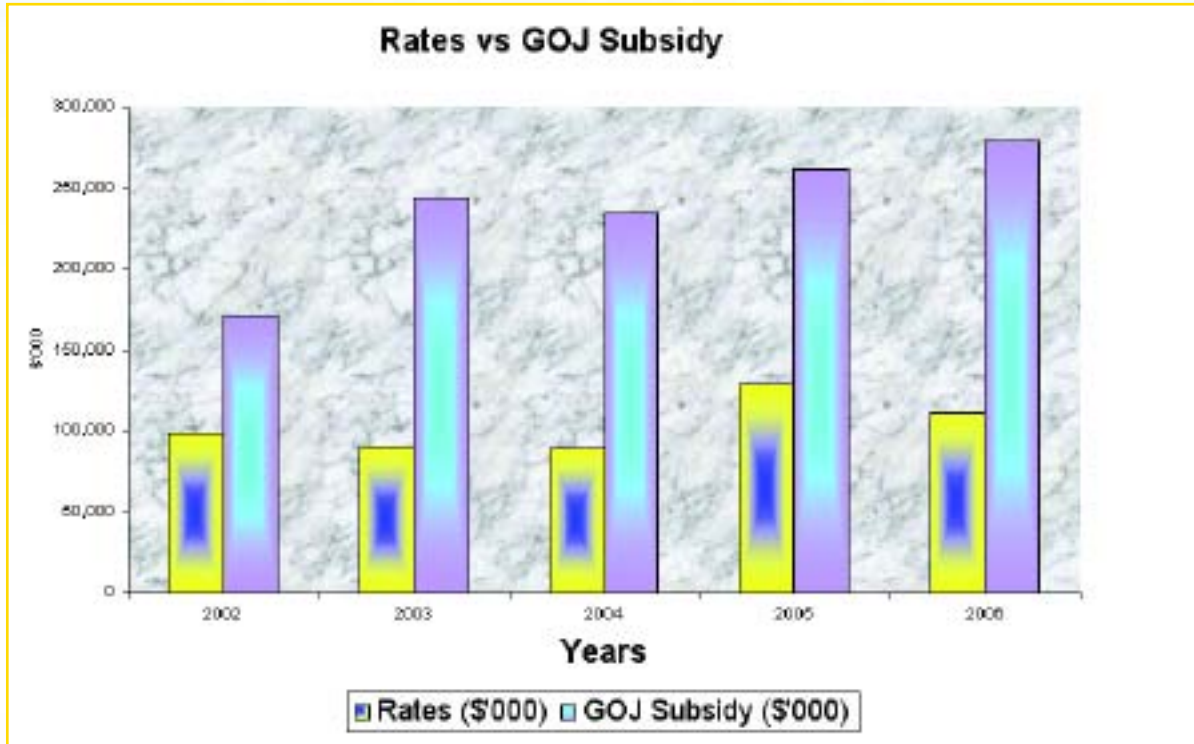
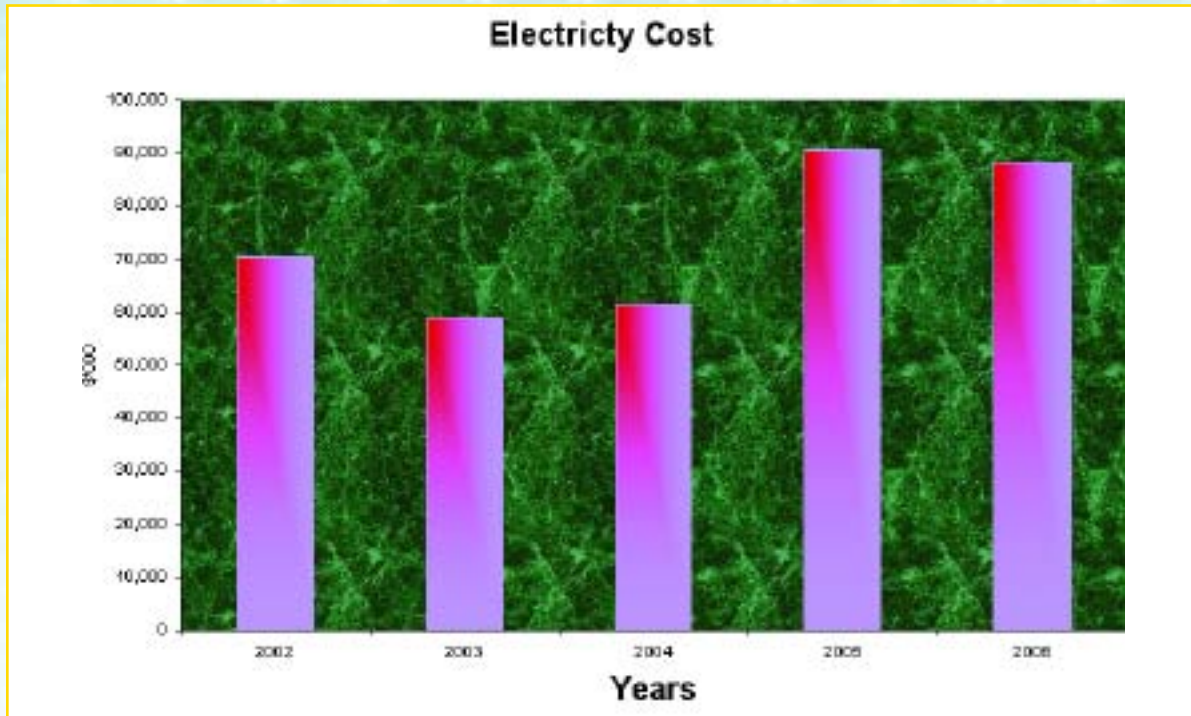
National Irrigation Commission Limited Five Year Statistics

	\$'000 2006	\$'000 2005	\$'000 2004	\$'000 2003	\$'000 2002
Shareholders Equity	523,039	501,096	480,018	477,919	441,384
% inc. over prior year	4.38%	4.39%	0.44%	8.28%	-1.42%
PROFIT AND LOSS ACCOUNT					
Operating Revenue	439,265	411,877	348,447	343,943	271,914
% inc. over prior year	6.65%	18.20%	1.31%	26.49%	5.72%
Accumulated Surplus (Deficit)	114,909	92,966	71,887	69,789	33,254
% inc. over prior year	24%	29%	3%	110%	-16%
IMPORTANT RATIOS					
Admin. exp. as a % of total costs	21.99%	23.86%	27.50%	25.13%	23.39%
Operating exp. as a % of total costs	78.26%	76.13%	72.50%	72.70%	76.61%
Electricity exp. as a % of total costs	18.73%	21.61%	15.93%	17.48%	21.92%
Electricity exp. as a % of operating costs	23.93%	28.38%	21.98%	24.04%	28.61%
Rates as a % of total costs	23.48%	30.53%	23.09%	26.61%	30.58%
Rates as a % of operating costs	30.01%	40.10%	31.85%	36.61%	39.92%
GOJ subsidy as a % of total costs	59.29%	62.25%	60.79%	71.92%	53.28%
GOJ subsidy as a % of operating costs	75.76%	81.77%	83.85%	98.93%	69.55%

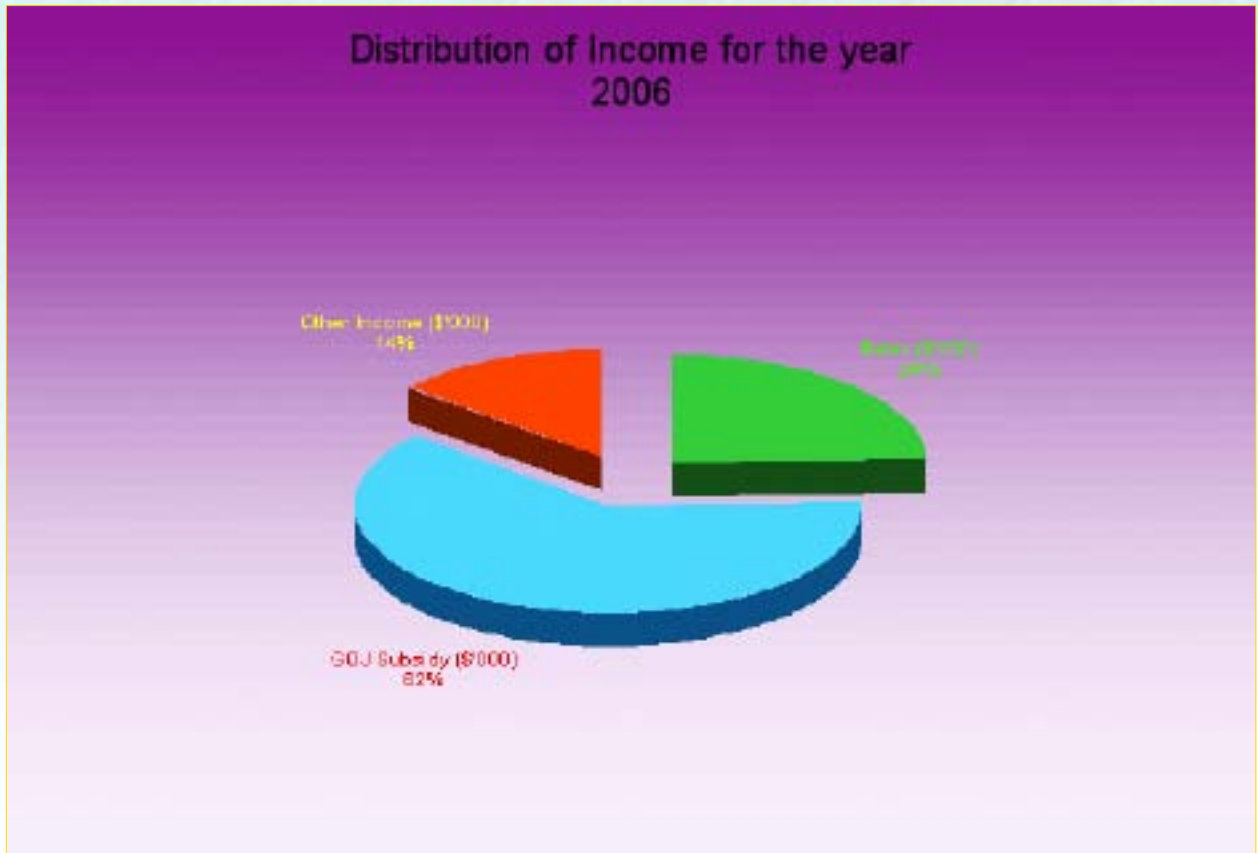
Finance & Corporate Planning



Finance & Corporate Planning



Finance & Corporate Planning





Financial Statements
March 31, 2006



**KPMG Peat Marwick
Chartered Accountants**

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Jamaica

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To the Members of
NATIONAL IRRIGATION COMMISSION LIMITED

Auditors' Report

We have audited the financial statements of National Irrigation Commission Limited ("the company") as at and for the year ended March 31, 2006, set out on pages 47 to 68, and have obtained all the information and explanations which we required. The financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, proper accounting records have been kept and the financial statements, which are in agreement therewith and have been prepared in accordance with International Financial Reporting Standards, give a true and fair view of the state of affairs of the company as at March 31, 2006, and of its results of operations, changes in equity and cash flows for the year then ended, and comply with the provisions of the Companies Act.

June 28, 2006



KPMG Peat Marwick, a Jamaican Partnership,
is a member of KPMG International,
a Swiss nonoperating association.

Raphael E. Gordon
Patrick A. Chin
R. Tarun Handa

Caryl A. Fenton
Patricia O. Dailey-Smith
Cynthia L. Lawrence

Elizabeth A. Jones
Linroy J. Marshall

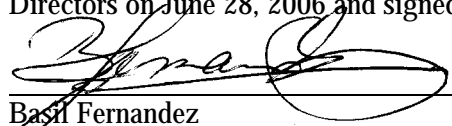


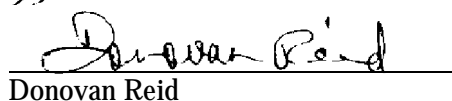
NATIONAL IRRIGATION COMMISSION LIMITED

Balance Sheet
March 31, 2006

	<u>Notes</u>	<u>2006</u>	<u>2005</u>
CURRENT ASSETS			
Cash and cash equivalents	4	45,014,549	34,800,158*
Resale agreements	5	27,169,983	34,547,088*
Accounts receivable	6	60,900,069	46,380,323
Inventories	7	11,496,280	8,012,512
Current portion of long-term receivables	9	6,788,741	6,604,699
Income tax recoverable		<u>5,655,853</u>	<u>3,261,628</u>
Total current assets		<u>157,025,475</u>	<u>133,606,408</u>
NON-CURRENT ASSETS			
Employee benefit asset	8	38,701,000	24,658,000
Long-term receivables	9	17,214,365	17,052,706
Property, plant and equipment	10	<u>846,225,969</u>	<u>870,022,525</u>
Total non-current assets		<u>902,141,334</u>	<u>911,733,231</u>
Total assets		<u>\$1,059,166,809</u>	<u>1,045,339,639</u>
CURRENT LIABILITIES			
Accounts payable and accrued charges		75,107,125	71,302,879
Income tax payable		-	7,584,019
Government of Jamaica project advances	11	<u>64,861,958</u>	<u>34,878,261</u>
Total current liabilities		<u>139,969,083</u>	<u>113,765,159</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities	12	7,163,838	7,101,557
Deferred credit	13	<u>388,995,032</u>	<u>423,376,720</u>
Total non-current liabilities		<u>396,158,870</u>	<u>430,478,277</u>
Total liabilities		<u>536,127,953</u>	<u>544,243,436</u>
EQUITY			
Share capital	14	100	100
Capital reserve	15	408,130,161	408,130,161
Accumulated surplus		<u>114,908,595</u>	<u>92,965,942</u>
Total equity		<u>523,038,856</u>	<u>501,096,203</u>
Total equity and liabilities		<u>\$1,059,166,809</u>	<u>1,045,339,639</u>

The financial statements on pages 2 to 23 were approved for issue by the Board of Directors on June 28, 2006 and signed on its behalf by:

 Chairman
Bash Fernandez

 Managing Director
Donovan Reid

*After reclassifications to conform to the 2006 presentation
The accompanying notes form an integral part of the financial statements.

NATIONAL IRRIGATION COMMISSION LIMITED

Statement of Revenue and Expenses Year ended March 31, 2006

	<u>Notes</u>	<u>2006</u>	<u>2005</u>
Operating revenue:			
Water sales and drainage charges		110,564,307	128,286,820
Government of Jamaica subsidy on behalf of farmers	16	279,176,003	261,598,598
Other funding for non-capital expenditure		<u>49,524,261</u>	<u>21,991,592</u>
		439,264,571	411,877,010
Cost of producing water and distributing it to farm gates		<u>(368,477,038)</u>	<u>(319,923,560)</u>
Gross operating surplus		70,787,533	91,953,450
Other income	17	13,945,787	6,917,625
Administration expenses		<u>(103,553,013)</u>	<u>(100,264,300)</u>
		(18,819,693)	(1,393,225)
Finance costs	18	(102,372)	(43,385)
Amortisation of deferred credit	13	<u>34,381,688</u>	<u>33,927,587</u>
Surplus before taxation		15,459,623	32,490,977
Taxation credit/(charge)	19	<u>6,483,030</u>	<u>(11,412,351)</u>
Surplus for the year	20	<u>\$ 21,942,653</u>	<u>21,078,626</u>

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



NATIONAL IRRIGATION COMMISSION LIMITED

Statement of Changes in Shareholders' Equity Year ended March 31, 2006

	<u>Share capital</u> (Note 14)	<u>Capital reserve</u> (Note 15)	<u>Accumulated surplus</u>	<u>Total</u>
Balances at March 31, 2004	100	408,130,161	71,887,316	480,017,577
Surplus, being total gains recognised for the year	-	-	<u>21,078,626</u>	<u>21,078,626</u>
Balances at March 31, 2005	100	408,130,161	92,965,942	501,096,203
Surplus, being total gains recognised for the year	-	-	<u>21,942,653</u>	<u>21,942,653</u>
Balances at March 31, 2006	<u>\$100</u>	<u>408,130,161</u>	<u>114,908,595</u>	<u>523,038,856</u>

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

NATIONAL IRRIGATION COMMISSION LIMITED

Statement of Cash Flows Year ended March 31, 2006

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Surplus for the year	21,942,653	21,078,626
Adjustments to reconcile surplus for the year to net cash provided by operating activities:		
Items not involving cash:		
Depreciation	39,052,831	39,420,717
Gain on disposal of property, plant and equipment	(1,528,879)	(637,658)
Amortisation of deferred credit	(34,381,688)	(33,927,587)
Employee benefit asset	(14,043,000)	(11,085,000)
Property, plant and equipment written off	10,455,653	22,005,164
Income tax	(6,483,030)	11,412,351
Interest income	(4,905,378)	(4,732,272)
Foreign exchange gain	(624,515)	(37,667)
Interest expense	<u>102,372</u>	<u>43,385</u>
	9,587,019	43,540,059
Decrease/(increase) in current assets:		
Resale agreements	7,377,105	(22,913,506)
Accounts receivable	(14,441,981)	(13,799,756)
Inventories	(3,483,768)	(1,547,667)
Income tax recoverable	(1,190,181)	(1,141,921)
(Decrease)/increase in current liabilities:		
Accounts payable and accrued charges	3,804,245	16,283,239
Government of Jamaica project advances	29,983,697	34,536,588
Interest paid	(102,372)	(43,385)
Income taxes paid	(2,242,751)	(2,242,751)
Net cash provided by operating activities	<u>29,291,013</u>	<u>52,670,900</u>
Cash flows from investing activities:		
Purchase of property, plant and equipment	(27,981,191)	(51,083,056)
Proceeds from disposal of property, plant and equipment	3,798,142	2,423,718
Interest received	4,827,613	4,732,272
Long-term receivables	(345,701)	<u>1,457,129</u>
Net cash used by investing activities	<u>(19,701,137)</u>	<u>(42,469,937)</u>
Cash flows from financing activity:		
Capital grants, being net cash (used)/provided by financing activity	<u>-</u>	<u>5,656,346</u>
Net increase in cash and cash equivalents	9,589,876	15,857,309
Cash and cash equivalents at beginning of the year	34,800,158	18,905,182
Effect of exchange rate fluctuations on cash held	<u>624,515</u>	<u>37,667</u>
Cash and cash equivalents at end of the year	<u>\$45,014,549</u>	<u>34,800,158</u>

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

1. Identification

National Irrigation Commission Limited ("the company") is incorporated and domiciled in Jamaica and is owned directly by the Government of Jamaica. The company's registered office is located at 191 Old Hope Road, Kingston 6.

The principal activities of the company are:

- (a) The management, operation, maintenance and expansion of existing and future irrigation schemes established by the Government. The principal schemes currently in operation are Black River, Braco, Hounslow, Mid-Clarendon, Rio Cobre, Yallahs and St. Dorothy.
- (b) The identification and designation of the persons who shall be entitled to use the water generated by the irrigation schemes and the fixing and collection of rates or charges for such services rendered.

2. Statement of compliance, basis of preparation and accounting estimates and judgements

(a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and their interpretation, issued by the International Accounting Standards Board ("IASB"), and comply with the provisions of the Companies Act.

(b) Basis of preparation

The financial statements are prepared on the historical cost basis, except for the inclusion of certain items of inventory at valuation, and are presented in Jamaica Dollars which is the functional currency of the company.

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

(c) Accounting estimates and judgements

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

(i) Pension and other post-employment benefits:

The amounts recognised in the balance sheet and income statement for pension and other post-employment benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognised include expected long-term return on plan assets, and the discount rate used to determine the present value of estimated future cash flows required to settle the pension obligations.

2. Statement of compliance, basis of preparation and accounting estimates and judgements (cont'd)

(c) Accounting estimates and judgements (cont'd)

(i) Pension and other post-employment benefits (cont'd):

The expected return on plan assets assumed considers the long-term historical returns, asset allocation and future estimates of long-term investment returns. The discount rate is determined based on the estimate of yield on long-term Government securities that have maturity dates approximating the terms of the company's obligation; in the absence of such instruments in Jamaica, it has been necessary to estimate the rate by extrapolating from the longest-tenor security on the market. Any changes in these assumptions will impact the amounts recorded in the financial statements for these obligations.

(ii) Provision for bad debts:

In determining amounts recorded for impairment of accounts receivable in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from accounts receivable, for example, repayment default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired accounts receivable as well as the timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individual significant accounts receivable and total trade accounts receivable with similar characteristics, such as credit risks.

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

3. Significant accounting policies

(a) Cash and cash equivalents:

Cash comprises cash in hand and demand and call deposits with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(b) Resale agreements:

The company purchases Government securities and agrees to resell them on a specified date and at a specified price ('resale agreements' or 'reverse repos'). The company, on paying cash to the counterparty, sometimes takes possession of the underlying securities, although title is not formally transferred, unless that counterparty fails to repurchase the securities on the date specified or to honour other conditions.

Resale agreements are accounted for as short-term collateralised lending. Resale agreements are classified as loans and receivables and are carried in the balance sheet at amortised cost. Interest earned on resale agreements is recognised as interest income over the life of each agreement using the effective interest rate method.

3. Significant accounting policies (cont'd)

(c) Property, plant and equipment and depreciation:

(i) Owned assets

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses [see note 3(h)].

(ii) Depreciation

Property, plant and equipment are depreciated on the straight-line method at annual rates estimated to write down the assets to their residual values over their expected useful lives. The depreciation rates are as follows:

Building and leasehold improvements	2½%
Utility plant	2-3%
Furniture, fixtures and equipment	10% and 20%
Computer equipment	20%
Motor vehicles	20%

(d) Capital grants:

Grants for acquisition of property, plant and equipment and an amount equivalent to the value of property, plant and equipment received as gifts, (including an amount equivalent to the values ascribed to utility plant at the districts, which were taken over by way of gift in 1990), are included in the Deferred Credit account. Annually, an amount equivalent to the depreciation charge for the year on these assets is transferred to income (shown in the statement of revenue and expenses).

(e) Inventories:

Inventories are carried at cost, or valuation, being substantially salvage values determined by professional valuers.

(f) Projects managed:

Project receipts are deferred as advances. When utilised, they are at the appropriate time allocated to Deferred Credit, if expenditure is for property plant and equipment, or to revenue, if expenditure is for period expenses. Costs accumulated in the project expenditure account are likewise appropriately allocated.

(g) Employee benefits:

Employee benefits comprise all forms of consideration given by the company in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, NIS contributions, annual leave; post-employments benefits such as pensions; and other long-term employee benefits such as termination benefits.

3. Significant accounting policies (cont'd)

(g) Employee benefits (cont'd):

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

Post-employment employee benefits, comprising pension obligations included in the financial statements, are actuarially determined by a qualified independent actuary, appointed by management. The appointed actuary's report outlines the scope of the valuation and the actuary's opinion. The actuarial valuations are conducted in accordance with IAS 19, and the financial statements reflect the company's post-employment benefit obligations as computed by the actuary. In carrying out their audit, the auditors rely on the work of the actuary and the actuary's report.

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

When the benefits of the plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the statement of revenue and expenses on the straight-line basis over the average period until the benefits become vested. To the extent that the benefits are vested immediately, the expense is recognised immediately in the statement of revenue and expenses.

In calculating the company's obligation in respect of the plan, to the extent that any cumulative unrecognised actuarial gain or loss exceeds ten percent (10%) of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognised in the statement of revenue and expenses over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

Where the calculation results in a benefit to the company, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

(h) Impairment:

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

3. Significant accounting policies (cont'd)

(h) Impairment (cont'd):

(i) Calculation of recoverable amount:

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

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

(ii) Reversals of impairment:

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

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

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

(i) Taxation:

Income tax on the surplus or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of revenue and expense except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

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

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

3. Significant accounting policies (cont'd)

(j) Accounts receivable:

Accounts receivable are stated at their cost, less impairment losses.

(k) Accounts payable and accrued charges:

Accounts payable and accrued charges are stated at their cost.

(l) Related parties:

A party is related to an entity if:

(i) directly, or indirectly through one or more intermediaries, the party:

- (a) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- (b) has an interest in the entity that gives it significant influence over the entity; or
- (c) has joint control over the entity;

(ii) the party is an associate (as defined in IAS 28, *Investments in Associates*) of the entity;

(iii) the party is a joint venture in which the entity is a venturer (see IAS 31, *Interests in Joint Ventures*);

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

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

4. Cash and cash equivalents

	<u>2006</u>	<u>2005</u>
Cash	112,500	237,629
Bank balances	<u>44,902,049</u>	<u>34,562,529</u>
	<u>\$45,014,549</u>	<u>34,800,158</u>

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Cont'd) March 31, 2006

5. Resale agreements

No fair value was computed for securities obtained and held under resale agreements as at March 31, 2006 or 2005, because of the unavailability of the required information.

6. Accounts receivable

	<u>2006</u>	<u>2005</u>
Trade receivables for water sales and drainage charges	53,253,356	50,615,874
Provision for probable losses	(16,330,480)	(15,176,082)
	36,922,876	35,439,792
Other receivables	<u>23,977,193</u>	<u>10,940,531</u>
	<u>\$60,900,069</u>	<u>46,380,323</u>

7. Inventories

	<u>2006</u>	<u>2005</u>
At cost	7,122,224	3,638,456
At valuation	<u>4,374,056</u>	<u>4,374,056</u>
	<u>\$11,496,280</u>	<u>8,012,512</u>

Inventories consist principally of pipe fittings and machinery spares which have, in the main, been left over from previous capital projects. The directors are of the view that these items have future usefulness, in some cases, with appropriate modifications and/or enhancements.

Inventories at all locations were revalued as at March 31, 1995 by Fisher Pryce & Associates, Consulting Engineers, and at St. Dorothy as at March 31, 1999 by Express Traders & Contractors Limited. The surplus arising on revaluation was credited to the Deferred Credit account (note 13).

To the extent that revalued inventories are consumed (and charged to expense), an equivalent amount is transferred from Deferred Credit to income.

8. Employee benefit asset

The company sponsors a defined-benefit contributory pension scheme for all employees who have satisfied certain minimum service requirements. The benefits are computed at 2% of pensionable salary for each year of membership in the plan and on other increments as determined by the pension plan.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Cont'd)
March 31, 2006

8. Employee benefit asset (cont'd)

Amounts recognised in the financial statements in respect of this benefit are as follows:

(a) Asset recognised on balance sheet:

	<u>2006</u>	<u>2005</u>
Present value of funded obligations	(205,697,000)	(193,168,000)
Fair value of plan assets	<u>278,796,000</u>	<u>271,802,000</u>
Present value of net obligations	73,099,000	78,634,000
Unrecognised actuarial gains	<u>(34,398,000)</u>	<u>(53,976,000)</u>
Asset recognised on balance sheet	<u>\$ 38,701,000</u>	<u>24,658,000</u>

(b) Movements in the net asset recognised in the balance sheet:

	<u>2006</u>	<u>2005</u>
Net asset at beginning of year	24,658,000	13,573,000
Contributions paid	13,489,000	14,915,000
Income/(expense) recognised in the statement of revenue and expense	<u>554,000</u>	<u>(3,830,000)</u>
Net asset at end of year	<u>\$38,701,000</u>	<u>24,658,000</u>

(c) Income/(expense) recognised in the statement of revenue and expenses:

	<u>2006</u>	<u>2005</u>
Current service costs	11,784,000	9,467,000
Interest on obligation	22,754,000	18,619,000
Expected return on plan assets	(33,516,000)	(23,961,000)
Recognised actuarial (gain)/loss	<u>(1,576,000)</u>	<u>(295,000)</u>
Recognised in the statement of revenue and expenses (see note 21)	<u>\$ (554,000)</u>	<u>\$ 3,830,000</u>
Actual return on plan assets (%)	<u>12.02%</u>	<u>8.82%</u>

(d) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	<u>2006</u>	<u>2005</u>
Discount rate	12.5%	12.5%
Expected return on plan assets	12.5%	12.5%
Future salary increases	11.0%	11.0%
Future pension increases	<u>3.5%</u>	<u>3.5%</u>

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Cont'd) March 31, 2006

9. Long-term receivables

	<u>2006</u>	<u>2005</u>
Refundable utility deposits	2,575,379	2,575,379
Employee loans	<u>21,427,727</u>	<u>21,082,026</u>
	24,003,106	23,657,405
Less: current portion	<u>(6,788,741)</u>	<u>(6,604,699)</u>
	<u>\$17,214,365</u>	<u>17,052,706</u>

Employee loans are for the purchase of motor vehicles. The loans are repayable over 7-10 years [see note 13(ii)].

10. Property, plant and equipment

	<u>Building & leasehold improvements</u>	<u>Utility plant</u>	<u>Furniture, fixtures & equipment</u>	<u>Motor vehicles</u>	<u>Capital work-in- progress (Restated) [see (b) below]</u>	<u>Total</u>
Cost:						
April 1, 2004	30,730,851	1,604,237,925	35,426,930	17,261,006	41,029,750	1,728,686,462
Additions	9,396,390	16,000	8,751,225	4,690,102	24,881,940	47,735,657
Disposals	-	-	(10,431,158)	(3,563,541)	-	(13,994,699)
Written off	-	-	(2,250)	-	(22,002,914)	(22,005,164)
Reclassification	1,230,335	-	(1,345,043)	114,708	-	-
Adjustment	-	3,347,399	-	-	-	3,347,399
March 31, 2005	<u>41,357,576</u>	<u>1,607,601,324</u>	<u>32,399,704</u>	<u>18,502,275</u>	<u>43,908,776</u>	<u>1,743,769,655</u>
April 1, 2005	41,357,576	1,607,601,324	32,399,704	18,502,275	43,908,776	1,743,769,655
Additions	-	5,304,494	8,107,904	642,404	13,926,389	27,981,191
Written off	-	-	-	-	(10,455,653)	(10,455,653)
Disposals	-	(2,195,142)	(1,157,234)	(1,912,690)	-	(5,265,066)
March 31, 2006	<u>41,357,576</u>	<u>1,610,710,676</u>	<u>39,350,374</u>	<u>17,231,989</u>	<u>47,379,512</u>	<u>1,756,030,127</u>
Depreciation:						
April 1, 2004	5,310,180	811,949,586	22,710,564	6,564,722	-	846,535,052
Charge for the year	942,335	32,553,374	3,988,806	1,936,202	-	39,420,717
Eliminated on disposals	-	-	(9,063,805)	(3,144,834)	-	(12,208,639)
Reclassification	245,093	-	(262,030)	16,937	-	-
March 31, 2005	<u>6,497,608</u>	<u>844,502,960</u>	<u>17,373,535</u>	<u>5,373,027</u>	<u>-</u>	<u>873,747,130</u>
April 1, 2005	6,497,608	844,502,960	17,373,535	5,373,027	-	873,747,130
Charge for the year	1,113,786	31,447,081	4,405,628	2,086,336	-	39,052,831
Eliminated on disposals	-	(338,457)	(1,113,698)	(1,543,648)	-	(2,995,803)
March 31, 2006	<u>7,611,394</u>	<u>875,611,584</u>	<u>20,665,465</u>	<u>5,915,715</u>	<u>-</u>	<u>909,804,158</u>
Net book values:						
March 31, 2006	<u>\$33,746,182</u>	<u>735,099,092</u>	<u>18,684,909</u>	<u>11,316,274</u>	<u>47,379,512</u>	<u>846,225,969</u>
March 31, 2005	<u>\$34,859,968</u>	<u>763,098,364</u>	<u>15,026,169</u>	<u>13,129,248</u>	<u>43,908,776</u>	<u>870,022,525</u>

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Cont'd)
March 31, 2006

10. Property, plant and equipment (cont'd)

(a) Included in building and leasehold improvements is leasehold improvement of \$24,091,981 (2005: \$24,091,981).

(b) Capital work-in-progress:

This represents certain donor-funded construction projects undertaken and managed by the company on behalf of the Government of Jamaica. Expenditure on the projects has previously been recognised as capital work-in-progress, with an equivalent amount of funding being credited to the Deferred Credit account (note 13). This has now been derecognised, as the company will not have ownership nor any beneficial interest in the assets on completion of the projects.

11. Government of Jamaica project advances

This balance represents the unspent portion of/(excess of expenses over) funds received from the Government of Jamaica and its agencies for the following projects:

<u>Project</u>	<u>2006</u>	<u>2005</u>
Yallahs Delta Irrigation	(1,122,550)	(1,122,550)
National Irrigation Development Plan (NIDP)		
- Implementation [see below]	57,660,216	26,156,110
Miscellaneous capital projects	<u>8,324,292</u>	<u>9,844,701</u>
	<u>\$64,861,958</u>	<u>34,878,261</u>

The NIDP involves the implementation of an irrigation plan for Jamaica and is being jointly funded by the Caribbean Development Bank ("the CDB") and the Government of Jamaica. The project is being administered by the company; however, disbursement of funds is made directly to contractors by the CDB.

12. Deferred tax liability

Deferred tax liability is attributable to the following:

	<u>2006</u>	<u>2005</u>
Property, plant and equipment	(424,977)	2,364,716
Accounts receivable	86,067	60,140
Accounts payable and accrued charges	(5,339,108)	(3,541,810)
Unrealised exchange gains	208,172	-
Employee benefit asset	12,900,333	8,218,511
Tax losses carried forward	<u>(266,649)</u>	<u>-</u>
	<u>\$ 7,163,838</u>	<u>7,101,557</u>

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Cont'd) March 31, 2006

12. Deferred tax liability (cont'd)

Movement in temporary differences during the year:

	Balance at April 1, 2005	Recognised in income [note 19 (a) (ii)]	Balance at March 31, 2006
Property, plant and equipment	2,364,716	(2,789,693)	(424,977)
Unrealised foreign exchange gain	-	208,172	208,172
Accounts receivable	60,140	25,927	86,067
Accounts payable and accrued charges	(3,541,810)	(1,797,298)	(5,339,108)
Employee benefit asset	8,218,511	4,681,822	12,900,333
Tax losses carried forward	-	(266,649)	(266,649)
	<u>\$7,101,557</u>	<u>62,281</u>	<u>7,163,838</u>

13. Deferred credit

	Balance 2005	Movement during the year	Balance 2006
Grant for acquisition of fixed assets (net of disposals) [see (i)]	61,150,136	(1,856,685)	59,293,451
Fixed assets gifted by Agro 21 Corp., net, in 1991	1,198,152	-	1,198,152
Fixed assets gifted by Ministry of Agriculture	1,203,061	-	1,203,061
Fixed assets transferred from NIDP Project	1,896,725	-	1,896,725
Fixed assets, other than utility plant, gifted by district irrigation authorities	3,520,295	-	3,520,295
Utility plant acquired under CD/I project and previously unrecorded utility plant of irrigation authorities capitalised during 1991	141,941,917	-	141,941,917
Utility plant acquired out of project funds	591,096,098	-	591,096,098
Revaluation surplus on inventories (note 7)	1,233,211	-	1,233,211
Expenditure on contracts-in-progress (net of amounts expended) [note 10(b)] out of GOJ project advances	<u>43,908,776</u>	(8,316)	<u>43,900,460</u>
	847,148,371	(1,865,001)	845,283,370
Amortisation transferred to statement of revenue and expenses [see note (ii) below]	(423,771,651)	(32,516,687)	(456,288,338)
	<u>\$ 423,376,720</u>	<u>(34,381,688)</u>	<u>388,995,032</u>

(i) The net book value of property, plant and equipment, with the cost of which the Deferred Credit account was increased at the date of acquisition, is eliminated from the Deferred Credit account on the disposal of the assets.

(ii) Amortisation transferred to the statement of revenue and expenses includes repayments, to date, of employee loans to purchase motor vehicles, as these amounts were originally credited to the Deferred Credit account (see note 9).

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Cont'd) March 31, 2006

14. Share capital

	<u>2006</u>	<u>2005</u>
Authorised, issued and fully paid:		
100 ordinary shares of no par value	<u>\$100</u>	<u>100</u>

Under the Companies Act 2004 (the "Act"), which became effective on February 1, 2005, all shares in issue are deemed to be shares without a par (or nominal) value, unless the company, by ordinary resolution, elects to retain its shares with a par value. The company did not so elect.

15. Capital reserve

This represents previously determined revaluation surplus on property, plant and equipment which, on first time adoption of IFRS, was deemed part of the cost of the utility plant.

16. Government of Jamaica subsidy on behalf of farmers

The purpose of granting this subsidy to the farmers is to significantly reduce the portion of the cost of providing irrigation water to farmers which would normally be recovered from them as rates. By this means, Government subsidises irrigated agriculture.

In light of the last review conducted by the Office of Utilities Regulation, it is the view of the company's directors that the subsidy would need to be \$338.1 million (2005: \$264.78 million) in order for the company to deliver irrigation water as required by farmers, in the context of the schemes mentioned in note 1. However, only \$279.2 million (2005: \$261.6 million) was approved by parliament and paid to the company.

17. Other income

	<u>2006</u>	<u>2005</u>
	\$	\$
Interest	4,668,224	4,587,920
Exchange gain/loss	624,515	37,667
Gain on sale of property, plant and equipment	1,528,879	637,658
Miscellaneous	<u>7,124,169</u>	<u>1,654,380</u>
	<u>\$13,945,787</u>	<u>6,917,625</u>

18. Finance costs

This comprises interest on bank overdraft on financing activities.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Cont'd)
March 31, 2006

19. Taxation

- (a) The provision for income tax is computed at 33⅓% of the surplus for the year, as adjusted for tax purposes, and is made up as follows:

	<u>2006</u>	<u>2005</u>
(i) Current tax charge:		
Current tax	-	9,826,770
Overprovision of prior year tax charge	(6,545,311)	-
	(6,545,311)	9,826,770
(ii) Deferred tax:		
Origination and reversal of temporary differences (note 12)	62,281	1,585,581
	\$(6,483,030)	11,412,351

At March 31, 2006, subject to the agreement of the Commissioner, Taxpayer Audit and Assessment Department, taxation losses available for offset against future taxable profits, amounted to approximately \$800,000 (2005: \$Nil).

In his April 2005 budget presentation, the Minister of Finance and Planning announced that, instead of indefinitely, the carry forward of taxation losses would be restricted to five years, with effect from January 1, 2006. Up to June 28, 2006, the date of approval of the financial statements, enabling legislation had not been passed. The amounts disclosed, therefore, do not reflect any change in the current treatment of taxation losses.

- (b) Reconciliation of expected tax charge to actual tax (credit)/charge

The effective tax rate for 2006 was (42)% (2005: 35%) of \$15,459,623 (2005: \$32,490,977) pre-tax profits, compared to the statutory tax rate of 33⅓% (2005: 33⅓%). The actual charge differs from the "expected" tax charge for the year as follows:

	<u>2006</u>	<u>2005</u>
Surplus before taxation	\$15,459,623	32,490,977
Computed "expected" tax expense	5,153,208	10,830,326
Tax effect of treating items differently for financial statements and tax reporting purposes -		
Depreciation charge and capital allowances	7,440,041	8,105,929
Accrued vacation leave	-	354
Interest receivable	-	(6)
Unrealized gain on foreign exchange	208,172	(12,556)
Amortisation of deferred credits	(11,457,791)	(11,309,196)
Expenses not allowed for tax purposes	33,406	315,874
Gain on disposal of property, plant and equipment	(509,626)	(212,552)
Employee benefit asset	472	3,694,178
Interest on concessionary loans	(805,601)	-
Prior year overprovision	(6,545,311)	-
Actual tax (credit)/charge	\$(6,483,030)	11,412,351

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Cont'd)
March 31, 2006

20. Surplus for the year

The following are among the items charged in arriving at surplus for the year:

	<u>2006</u> \$	<u>2005</u> \$
Directors' emoluments - fees [note 22(d)]	1,367,816	1,164,236
- management [note 22 (d)]	4,117,123	4,011,972
Auditors' remuneration	1,200,000	1,375,000
Depreciation	39,052,831	39,420,717
Property, plant and equipment written off	<u>10,455,653</u>	<u>22,005,164</u>

21. Employee numbers and costs

The average number of persons employed by the Commission during the year was as follows:

	<u>2006</u>	<u>2005</u>
Full-time	138	144
Part-time	6	6
Other	<u>20</u>	<u>13</u>
	<u>164</u>	<u>163</u>

The aggregate payroll costs for these persons were as follows:

	<u>2006</u>	<u>2005</u>
Salaries	154,876,020	143,565,425
Statutory payroll contributions	6,467,919	6,699,790
Labour	18,580,570	15,220,479
Pension benefit cost (net of contribution) [note 8(c)]	(554,000)	3,830,000
Travel and subsistence	26,908,689	30,427,765
Gratuities	1,667,801	623,742
Training	2,603,177	875,343
Accrued vacation leave	5,390,831	(2,402,773)
Other	<u>13,054,920</u>	<u>13,640,361</u>
	<u>\$228,995,927</u>	<u>\$212,480,132</u>

22. Related party transactions

Identity of related parties:

- (a) The company has a related party relationship with its associates, directors and other key management personnel, comprising certain senior executives.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Cont'd)
March 31, 2006

22. Related party transactions (cont'd)

- (b) The balance sheet includes balances, arising in the ordinary course of business, with related parties as follows:

	<u>2006</u>	<u>2005</u>
	\$	\$
Accounts receivable		
Directors	19,189	21,118
Loans:		
Key management personnel	<u>8,193,007</u>	<u>7,318,511</u>

- (c) The company's surplus before taxation includes income earned from, and expenses incurred in, transactions with key management personnel in the ordinary course of business, as follows:

	<u>2006</u>	<u>2005</u>
	\$	\$
Interest income	(879,645)	(855,283)
Consultancy services	<u>444,690</u>	<u>1,301,333</u>

- (d) Compensation paid to key management personnel is as follows:

	<u>2006</u>	<u>2005</u>
Management remuneration – directors*(note 20)	4,117,123	4,011,972
Directors fees (note 20)	1,367,816	1,164,236
Salaries to other key management personnel	13,565,986	13,567,110
Post-employment benefits	<u>72,000</u>	<u>(435,000)</u>
	<u>\$19,122,925</u>	<u>18,308,318</u>

23. Financial instruments

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. The company does not use derivative instruments as a risk management strategy at this time. Accordingly, exposure to credit, interest rate, foreign currency, market, liquidity and cash flow risks arises in the ordinary course of the company's business.

The company's financial instruments comprise cash and cash equivalents, resale agreements accounts receivable, long-term receivables, accounts payable and Government of Jamaica project advances. The items arise or are acquired mainly in connection with the company's operations. Information relating to fair values and risks is summarised below.

23. Financial instruments (cont'd)

(a) Fair values:

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists. The company's financial instruments, other than cash resources and resale agreements, lack an available trading market. Therefore, these instruments have been valued using present value or other valuation techniques and the fair values may not necessarily be indicative of the amounts realisable in an immediate settlement of the instruments.

The fair values of cash and cash equivalents, resale agreements, accounts receivable, accounts payable and Government of Jamaica project advances are assumed to approximate their carrying values because of their short-term nature. The fair value of long-term receivables has not been computed due to the unavailability of relevant market information.

(b) Financial instrument risks:

(i) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Cash and cash equivalents and resale agreements are held for the short-term and, accordingly, would substantially reflect prevailing interest rates in the financial markets. Interest rates on staff loans are fixed and below market as a matter of management policy.

(ii) Credit risk:

Credit risk is the risk that a loss may occur from the failure of one party to perform according to the terms of a contract. There is concentration of credit risk in that cash and cash equivalents are substantially with one bank. In respect of account receivable the company has a policy for granting credit, and pursues a rigorous debt monitoring and collection policy. The company has no off-balance sheet exposure and, therefore, its maximum exposure to credit losses is limited to the carrying value of the assets on the balance sheet.

(iii) 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 main foreign currency giving rise to this risk is the US\$. The company's foreign currency exposure is represented by its net foreign currency denominated assets which, as at March 31, 2006, totalled US\$148,957 (2005: US\$99,932).

23. Financial instruments (cont'd)

(b) Financial instrument risks(cont'd):

(iv) Liquidity risk:

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

The company's flexibility is somewhat limited by its role in implementing Government policy (notes 1 and 16). To the extent practicable, the company manages liquidity risk by maintaining an adequate level of liquid funds.

(v) Market risk:

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in 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. The directors believe that the company has no significant exposure to market risk as it has no financial assets which are to be realised by trading in the securities market.

(vi) Cash flow risk:

Cash flow risk is the risk that future flows associated with a monetary financial instrument will fluctuate in amount. The company manages this risk by ensuring, as far as possible, that fluctuations in monetary financial liabilities and assets are matched to mitigate any significant adverse cash outflows.

24. Contingent liabilities

- (i) A claim has been made against the Commission for wrongful dismissal arising from the termination of an employee in December 1991. The Commission's attorneys are of the opinion that in the unlikely event that the claim succeeds, damage and costs should not exceed \$200,000.
- (ii) A claim has been made against the Commission for negligence, costs and interest arising out of an accident on the Sir Alexander Bustamante Highway on the 18th December 1999. The Commission's attorneys are of the opinion that in the unlikely event that the suit is pursued, the liability is not expected to exceed \$300,000.
- (iii) A claim alleging negligence was filed against the Commission in the amount of approximately \$1,400,000. The case was adjourned *sine die* on October 8, 2001. The Claimant's Attorneys-at-law applied for a Case Management Conference pursuant to the new Civil Procedure Rules. The conference was held on the 25th May 2005 and trial is set for the 12th -14th March 2008. The Commission's attorneys are of the opinion that the probable ultimate liability including court cost, legal fees and an award to the claimant should not exceed the sum of \$1,400,000.

24. Contingent liabilities (cont'd)

- (iv) A claim has been made against the Commission for damages in the amount of \$2,254,630 arising from alleged damages to the crops of the plaintiff as a result of alleged disconnection of water supply. The Commission's attorneys are of the opinion that in the very unlikely event that the claim succeeds, damages and costs should not exceed \$2,500,000.

The Commission is insured in respect of the above claims and no provision for them has been included in the financial statements.

25. Capital commitments

At March 31, 2006, there were commitments amounting to approximately \$5,681,000 (2005: \$Nil) in respect of the acquisition of property, plant and equipment.

26. New and revised IFRS and interpretations

At the date of the approval of the financial statements for issue, certain new and revised standards and interpretations were in issue but were not yet effective. The relevant standards and their effective dates, for periods beginning on or after those dates are as follows:

IFRS 6	Exploration for Evaluating of Mineral Resources	January 1, 2006
IFRS 7	Financial Instruments: Disclosure	January 1, 2007
IFRIC 4	Determining whether an Arrangement Contains a Lease	January 1, 2006
IFRIC 5	Rights to Interest Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	January 1, 2006
IFRIC 6	Liabilities arising from Participating in a Specific Market – Waste, Electrical and Electronic Equipment	December 1, 2006
IFRIC 7	Applying the Restatement Approach under IAS 29	March 1, 2006
IAS 19	Financial Reporting in Hyper-Inflationary Economies	
Amendments	Actuarial Gains & Losses, Group Plans and Disclosures	January 1, 2006
IAS 39	The Fair Value Option	January 1, 2006
Amendments		
IAS 39	Financial Instrument Cash Flow Hedge Accounting for	January 1, 2006
Amendments	Forecast Intra-group Transactions	
IAS 39	Financial Guarantee Contracts	January 1, 2006
Amendments		
IFRIC 8	Scope of IFRS 2	January 1, 2006
IFRIC 9	Reassessment of Embedded Derivatives	June 1, 2006

The adoption of IFRS 7 is expected to result in additional disclosures for financial instruments. Except for these additional disclosures, the adoption of these standards and interpretations are not expected to have a material impact on the financial statements of the company.

Executive Compensation

Appendix I

The compensation package fees four (4) Directors for the twelve (12) month period ending March 31, 2006 range as follows:

		2006	2005
		\$'000	\$'000
Executive Directors (4)	from	3,168	2,966
To		3,569	3,353

The remuneration of the Chairman and Managing Director is shown elsewhere (note 20 in the financial statements).