

Vision

NIC, a collaborative, efficient, innovative, customeroriented and viable organisation making our contribution to facilitate a substantial increase in agricultural productivity in irrigated areas.

Mission

To enable improvement in agricultural productivity, production and prosperity through the provision of reliable, efficient and affordable irrigation and related services to farmers and other customers while ensuring the viability of the Commission.





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Operation Centre 15 Barrett Street, Spanish Town

St. Catherine Tel:984-0625/5792 Fax: 984-0532

Eastern Region St. Catherine Irrigation District Rio Cobre Office 17 Barrett Street, Spanish Town St. Catherine Tel:984-2334/4042 Fax: 984-8401

St. Dorothy Office Bodles, Old Harbour, St. Catherine Tel: 983-2712/2742 Fax: 745-2759

Yallahs Irrigation District Yallahs, St. Thomas Tel: 706-3159/3160

Central Region Mid-Clarendon Irrigation District Osbourne Store, May Pen, Clarendon

Tel: 987-3140/3259 Fax: 987-3139

New Forest Office New Forest P.A., Manchester Tel: 371-0794

Western Region St. Elizabeth Irrigation & Drainage District Watchwell P.A., St. Elizabeth Tel: 965-0714 Fax: 965-0232

Braco Irrigation District Duncans, Trelawny Tel: 954-2147 Fax: 954-2295



HISTORICAL OVERVIEW

The National Irrigation Commission Limited

Since its inception in 1987, the National Irrigation Company (NIC) Limited, a limited liability Company under the auspices of the Ministry of Agriculture and Fisheries, has pursued a consistent programme to provide reliable, efficient and affordable irrigation and related services to the agricultural and other sectors, while ensuring the viability of the Company.

Mandate: Under the Irrigation Act 1949, the Commission provides irrigation services to the agricultural sector, regionally; and to commercial operations. In that regard, the NIC fixes rates or charges; and collects payments for water supplied to farmers and corporate entities. In addition, the company also carries out drainage services in the Black River Area.

NIC Regions: The irrigation and water supplied by the NIC is delivered on a regional basis, with services to Eastern, Central and Western areas, as follows:

Eastern Region: The Eastern Region incorporates Yallahs, St. Thomas; and St. Dorothy, Rio Cobre and Colbeck, St. Catherine.

Central Region: This Region includes Manchester, Mid-Clarendon and New Forest/Duff House.

Western Region: Irrigation projects in the Western Region are located in three parishes, as follows: Braco, Trelawny; Hounslow and Beacon/Little Park, St. Elizabeth; and Seven Rivers, St. James.

The Work of the Commission

In the implementation of its mandate, the NIC is actively engaged in the construction and maintenance of canals and pump systems, which draw water from rivers, dams and wells to irrigate approximately 12,500 hectares of agricultural lands; and provide on-going maintenance of the system.



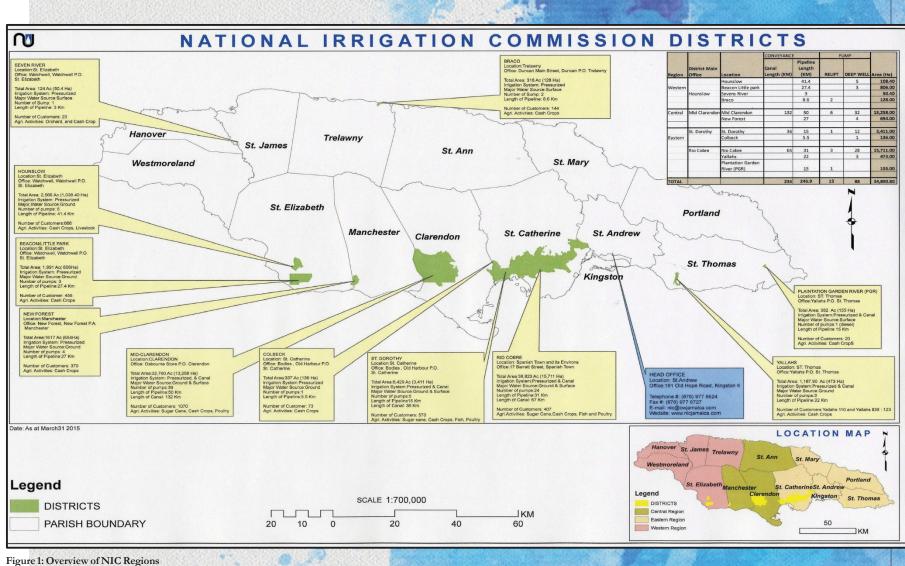
New Forest Pump Station in Manchester



Paupler Canal in Clarendon



Mr. Rohan Stewart, Regional Systems Manager, inspecting the workings of the filtration system at the Port Henderson Relift Pump Station.





These services result in the management of:

- Approximately 73 Pump Stations in ten areas, including: The Rio Cobre, St. Dorothy, Yallahs, Mid-Clarendon, New Forest, Hounslow, Beacon Little Park, Seven Rivers, Colbeck and Braco;
- Some 207 kilometres of Canal Networks; and,
- About 194.24 kilometres of pressurised pipes.

The Company successfully integrated the initiatives of the National Irrigation Development Programme (NIDP), which was established in 1978; and also maintained on-going collaboration with representatives of the Agencies under the then Ministry of Agriculture and Fisheries, such as the Rural Agricultural Agency (RADA); and the National Water Commission (NWA); as well as, the Jamaica Agricultural Society.

The major irrigation projects developed and implemented by the NIC have benefited from international funding from the Inter-American Development Bank (IDB); the Caribbean Development Bank (CDB); and the Government of Jamaica.

Water Users Associations

The Commission maintains responsibility for guiding the licensing of Water Users Associations (WUAs), such as: private entities, a company, cooperative or Friendly Society.

In July 2007, the Commission worked with the Department of Cooperatives and Friendly Societies (DCFS) to register six WUAs, as legal entities these include:

- 1. Little Park/Beacon Irrigation Specially Authorised Society, St. Elizabeth
- 2. Seven Rivers Irrigation Specially Authorised Society, St. James
- 3. Hounslow, Irrigation Specially Authorised Society, St. Elizabeth
- 4. Yallahs, Irrigation Specially Authorised Society, St, Thomas
- 5. New Forest/Duff House and its environs, Irrigation Specially Authorised Society, Manchester; and,
- 6. Colbeck Water Uses Association Irrigation Specially Authorised Society, St. Catherine

The NIC, therefore, works in concert with the WUAs to provide: water distribution on behalf of members; assist with training in the use of irrigation systems; monitor water and soil

pollution; facilitate irrigation management transfer; and help to formulate agreements with other authorities.

The Ministry of Agriculture & Fisheries



Office of the Ministry of Agriculture and Fisheries, Hope Gardens

Prior to the change of Administration following the February 25, 2016 General Election, the National Irrigation Commission Limited, operated under the auspices of the Ministry of Agriculture and Fisheries.

Historically, the NIC has, therefore, benefitted from the expert assistance of Ministry officials; and, under the guidance of the Board Directors, the Chief Executive Officer has managed the Company's day-to-day operations.

Ministry of Economic Growth and Job Creation 2016

On the appointment of a new government administration in March 2016; and the establishment of the Ministry of Economic Growth and Job Creation, the National Irrigation Commission Limited was repositioned under the auspices of the new Ministry along with four other water entities: the Central Wastewater Treatment Company (CWTC), the National Water Commission (NWC), the Rural Water Supply Company (RWSC) and the Water Resources Authority (WRA).



Head Office of the National Irrigation Commission, 191 Old Hope Road, Kingston 6





Minister's Message

NIC: To Enhance Agricultural Production

Dr. The Hon. Horace Chang, Mp, Minister without portfolio, Ministry of economic growth and job Creation.

n its 29 years of operation, the National Irrigation Commission Limited (NIC) has played a significant role in increasing production on some 12,500 hectares of agricultural lands in the three major regions, in the eastern, western and central areas across the island.

Much has been achieved, based on the NIC's Master Plan, which takes a holistic and intersectoral approach to its work with ministries, agencies and farmers. Its concerted drive to reduce operational costs, through the application of new technologies; as well as, specific interventions to provide water, by way of irrigation, for farm lands; and to counter the impact of severe drought are other aspects of the Master Plan.

During the past year, the Commission's strategic partnerships via Memoranda of Understanding (MOU) with government and corporate entities, have served to: sensitise communities and agricultural producers about the scope of irrigation projects; and provide Water User Groups, other farmers and industrial operations with access to irrigation water.

The NIC has also been proactive in its efforts to reduce its operational cost, with the installation of solar equipment for its water pumps. The Company has increased its use of Information Technology; improved its maintenance of critical; equipment; and pursued a structured programme to upgrade its management and staff members.

Going forward, it is anticipated that the Company will continue to strengthen its relationships across the wider spectrum of water management.

Following the change of administration in early 2016, a new Board, to guide the initiatives of the Commission, and oversee its effective management will be appointed shortly. I anticipate that the right synergies will emerge to ensure that corporate governance is maintained; and that the aims and objectives of the NIC will be implemented to the greater good of the country's agricultural sector.

I also look forward to working in tandem with the Board, the Executive and Management team, as well as the professional staff of the National Irrigation Commission Limited to enhance production in the agrarian sector.

Dr. the Hon. Horace Chang, MP Minister Without Portfolio

Ministry of Economic Growth and Job Creation



Corporate Governance Statement and Report

Chairman's Introduction

he Board of Directors of the National Irrigation Commission Limited commits to an organisation-wide adherence to rules and practices in accordance with best practice principles of corporate governance beyond the legislative compliance which underpins the actions and ethical behaviour of the Board of Directors.

The Board recognises its responsibility to stakeholders for the performance of the Commission, and seeks to balance sometimes competing objectives in the best interests of the Company. The Chairman is responsible for leading the Board, ensuring proper briefing of Directors, facilitating Board discussions and managing the relationships between Board members, staff and stakeholders.

The shareholding of the Commission is vested in the Office of the Accountant General. The Annual General Meeting was held on September 23, 2015 at the Head Offices, located at 191 Old Hope Road, Kingston 6. The meeting was convened in keeping with the established guidelines; and all notifications, agenda, minutes of the previous meeting, Company registers, as set out in the Articles of Incorporation and as required by the Companies Act of Jamaica, have been complied with and within the required notification periods in advance of the meetings.

The Board of Directors: The day-to-day management of the Company and implementation of approved strategy and policy initiatives are a separate function and are formally delegated to the Chief Executive Officer. This approach is grounded in clearly defining the following relationships:

Roles, Responsibilities and Relationships

- Setting out the roles and responsibilities of the Board, Board members, the Chair and the Chief Executive Officer;
- Managing the key relationships between the Board and senior management and between the public body and the Ministry of Agriculture

Department; and

Conducting Board business efficiently and effectively.

Effective Financial Management

How the Board and senior management demonstrate their financial accountability for the stewardship of public money; and their performance in the use of resources.

Standards of Behaviour

How the Board exercises determines the values and standards of the organisation, and ensures compliance with requirements of Ethical Standards.

Composition of the Board: The Board comprises 15 Directors drawn from the private sector, accounting and farming communities across the island.

Board Remuneration: Remuneration of Directors is in accordance with fees that are in keeping with Government of Jamaica guidelines and Ministry of Finance and Planning Policy Circular Number 1 (Ref. No. 11358) dated January 15, 2007 and which are shown on page 40.

Board Committees: Board Committees oversee and advise the Board on specialist issues which require particular focus. The Standing Committees at March 31, 2016 are:

- Audit and Risk Management Committee
- Finance & Performance Management Committee
- Projects & Energy and Technology Committee
- Corporate Affairs and Governance Committee

Audit and Risk Committee: This Committee oversees internal and external audit processes, as well as provides compliance oversight.

Meetings: The Board of Directors met 12 times during the year. The duration of meetings was one to two days. Additionally, a strategic retreat was held to deal with specific items requiring decisions between Board meetings.

Board Committees - Composition, Role and Number of Meetings Held, 2015-2016

BOARD COMMITTEE	IV	1EMBERS	MEETINGS HELD IN 2015-2016
Audit and Risk Management Committee	Dr. Conrad Douglas Mr. Linford Cooper Mrs. Edith Chedda Mr. Rankin Watson	 Chairperson Chairman and Ex-Officio Deputy Chairman and Ex-Officio Member Member Member 	6
Finance & Performance Management Committee	Dr. Conrad Douglas Mr. Linford Cooper Mr. Ludgar Parish Mr. Rankin Watson Mrs. Edith Chedda	 Chairperson (Representative from Ministry of Finance & Planning) Chairman and Ex-Officio Deputy Chairman and Ex-Officio Member Member Member Member Member Member 	11
Projects & Energy and Technology Committee	Dr. Conrad Douglas Mr. Linford Cooper Mr. Balfour Hewitt Mr. Basil Fernandez Mr. Oswald Bent	 Chairperson Chairman and Ex-Officio Deputy Chairman and Ex-Officio Member Member (Representative from the Water Resources Authority) Member Member Member (Representative from the Ministry of Science, Technology, Energy & Mining) 	12
Corporate Affairs and Governance Committee	Dr. Conrad Douglas Mr. Linford Cooper Rev. Glenroy Clarke Mr. Howard Hill Mr. Ludgar Parish	 Chairperson Chairman and Ex-Officio Deputy Chairman and Ex-Officio Member Member Member Member Member Member 	6

In addition, there are local Advisory and Monitoring Committees which meet as required.

Code of Conduct: The National Irrigation Commission Limited has continued to promote growth in its internal culture, including leadership development initiatives, which reflect our commitment to superior service delivery and performance to shareholders and the wider stakeholder community.

In the creation of a culture of accountability, it is necessary to demonstrate and continually practice behaviour that reinforces these values. The Code of Conduct provides guidance for Directors.

Training: Directors are encouraged to participate in training initiatives that will enhance their competencies. The Board, in collaboration with the Training and Development Unit, ensures that current practices add to the value, capability and competency Directors bring to the Company.

Independent Professional Advice

Directors have the right, in connection with their duties and responsibilities, to seek independent professional advice on matters of concern at the company's expense and with the permission of the Chairman.



Risk Management: The process of refining the formal risk and compliance management system continued during the year, while addressing the further development of policies and procedures. Significant areas, such as legislative compliance, workplace health and safety, and management of environmental risks, will receive substantial focus. Of concern is the ongoing business risks arising from customers' ability to pay and the NIC's rising input costs.

Compliance: The Commission met its operating and statutory requirements during the course of the year 2015-2016.

Auditor's Independence

The Auditors of the Commission have no representation on the Board or on Board Committees, nor is there any affiliation between the Commission's Officers and Auditors, other than the normal business relationship between auditor and the Commission.

The Auditor's Independence Declaration is included with the Financial Statements. Fees paid to the external auditors are fully disclosed in the notes

Director's Report

Directors present their report on the Commission for the Financial Year ended 31 March 2016.

Company Secretary

Paola Arscott, Attorney-at-Law, carried out the Corporate Secretarial responsibilities of the Commission for the period April 1, 2015 to March 31, 2016.

External Auditors

KPMG, the present Auditors, will continue in office pursuant to section 154 of the Companies Act, 2014.

Legal Proceedings

In the ordinary course of business operations, the Commission is involved from time to time in commercial litigation, employment disputes, conveyancing approaches and other legal proceedings. No current proceedings, individually or in aggregate are expected to have a material effect on the business or financial condition of the Commission.

Financial Statements

The Financial Statements for the year in review are contained within this Annual Report and have been presented and approved by the Shareholders at the Annual General Meeting held on September 23, 2015.

Significant Changes in the State of Affairs

As at September 28, 2015, in line with instructions from the Ministry of Finance and Planning, the 1% shareholdings of the Chairman of the Board of Directors, Dr. Conrad Douglas, was transferred to the Accountant General.



NIC customer purchasing water at loading ramp in New Forest, Manchester.



Report from the Chairman of the Board

Towards Improved Water Management...

Dr. Conrad Douglas, Chairman of the NIC Board of Directors

uring the fiscal year 2015-2016, the National Irrigation Commission (NIC) addressed several challenges. With the competent guidance of Board members, a strong management team and dedicated employees, the Company was resolute in the implementation of initiatives to address its priorities; and to grow the agrarian sector.

Focus was, therefore, placed on improved water management, drought control, energy consumption and renewable energy, training of farmers, and internal management transformation initiatives.

Improved Water Management: Severe drought conditions across the island resulted in the introduction of water loading ramps, rehabilitation of out-of-service wells; the commissioning of canals; and rehabilitation projects in two parishes. Water loss of some 40%, through transmission, was of particular concern, hence the Commission introduced measures to curb this loss.

Renewable Energy: The high cost of energy was addressed with the implementation of a solar project at Ebony Park; and research was conducted to assess the viability of wind energy; as well as, the increased use of new technologies, such as Variable Frequency Devices (VFD).

Agro Park Initiatives: The proliferation of Agro Parks prompted the NIC to increase access to irrigation by farmers, and other stakeholders, which is one of the greatest growth areas for the NIC. In addition, there was need for technical assistance and training, which were addressed directly; as well as, through partnerships, under

MOUs with other entities, such as the Jamaica Bauxite Institute (JBI) and the Jamaica Social Investment Fund (JSIF)

In addition, significant agricultural growth was achieved through collaboration with agencies, such as RADA and the National Environmental Planning Agency (NEPA). These partnerships resulted in shared information, and fostered cost saving, thus strengthening the assets base of the Commission.

Strategic Transformation Initiatives: The NIC's Strategic Transformation Programme was effective, as the Company scored positively in several areas. Achievements included completion of the Balanced Scorecard, reporting to the Board of Directors; and training of Board and staff members. An increase in the volume of water delivered and in the number of farmers impacted; growth in total revenue collected; and the implementation of a pilot project for renewable energy were among the other gains recorded.

Industrial Relations Climate: With a staff complement of 141 permanent employees, 28 contract and 26 temporary workers, the Commission adequately addressed several problems, such as disciplinary infractions, strikes and legal actions. Other issues are currently being resolved by the Ministry of Labour.

The Future of the NIC: The future of the NIC rests on its ability to transform itself into a modern operating, technology-driven and viable Company. At the forefront of this must be the motivation of staff members to fully appreciate their role, not



only as workers, but as producers and nationbuilders. Naturally, this renewal will go hand-inhand with the adoption of modern management techniques; efficient technologies, and the continued rehabilitation of existing systems.

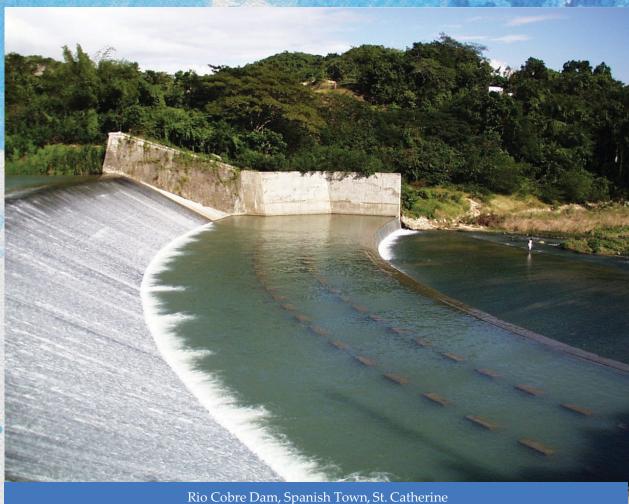
Indeed, the Commission's relocation under the new Ministry of Economic Growth and Job Creation; and its re-alignment with other public sector water entities, augurs well for the future. Commendations: My sincere thanks to the Ministry of Agriculture and Fisheries, our partners, and the agencies we worked with during the past fiscal year. And, I extend commendations to our Board members who provided invaluable support in the conduct of business on behalf of the NIC.

To the Chief Executive Officer, executives, managers and staff of the NIC, I also express my

appreciation and that of the Board. I am confident that the Company will go forward with renewed strength to take on challenges, as they present themselves, in the next fiscal year.

It has been my privilege to serve the Commission in its drive to foster national development in our country's agricultural sector.

Dr. Conrad Douglas Chairman **Board of Directors**



BOARD OF DIRECTORS



Dr. Conrad Douglas, Chairman



Mr. Linford Cooper, Deputy Chairman



Mr. Emile Spence



Mr. Howard Hill



Ms. Edith Chedda



Mr. Basil Fernandez



Mr. Keith Verley



Ms. Miranda Wellington



Mr. Balfour Hewitt



Ms. Carolyn Campbell



Mr. Everton Fisher



Mr. Oswald Bent



Rev. Glenroy Clarke



Mr. Rankin Watson



Mr. Ludgar Parish







Dr. Mark Richards, Chief Executive Officer

Report from the Chief Executive Officer

NIC: Repositioned to Implement Key Irrigation

Initiatives

n March, the final month of the fiscal year, 2015-2016, following the General Election in February which ushered in a new government administration, the NIC was repositioned as one of the Water Departments, under the auspices of the Ministry of Economic Growth and Job Creation.

On that basis, the Commission now has the oversight of Dr. the Hon. Horace Chang, MP, Minister Without Portfolio, at the Ministry of Economic Growth and Job Creation. He also has responsibility for four additional Water Departments: the Central Wastewater Treatment Company (CWTC), the National Water Commission (NWC), the Rural Water Supply Company (RWSC) and the Water Resources Authority (WRA).

The repositioning of the NIC came at the end of what was a defining year, during which, the Board of Directors, senior management team and employees, sought to upgrade the delivery of irrigated water to farmers; expand and maintain its irrigation systems; and reduce energy costs through solar-based initiatives. The Company also improved its overall maintenance response mechanisms, and entered into local and regional partnerships.

At the same time, the NIC educated water users, particularly farmers in Agro Parks, in the efficient management of their farms. It also rationalised its staff complement, to facilitate the proactive delivery of services to the agricultural sector; as

well as, educate the wider public about agrarian development endeavours.

The NIC's Financial Achievement

Since its inception, the limited liability Company, which is now fully government owned, has made positive strides in the management of its financial resources, achieving a surplus of approximately \$246.4 million for the fiscal year ended, March 31, 2016.

And, while there were increased costs relating to operation of pumps during the drought period, requests for government assistance were made in a timely manner to enable the NIC to meet its obligations. The reported surplus was used to cover the electricity cost brought forward from 2014-2015.

Agro Parks

The concept of Agro Parks was a bold national initiative to boost agricultural production on "contiguous parcels of land, and integrate all facets of the agricultural value chain--from preproduction to production, harvesting and marketing."

The expansion process continued in 2015-2016, as the NIC provided irrigation and other services to a total of 100 farms, and some nine Agro Parks, which were in varying stages of development. At the end of the fiscal year, the number of operating and productive Agro Parks stood at nine. And, based on current projections, that figure will be increased in the next fiscal year.



Mr. Robert Wright, Chief Executive Officer of New Leaf Power (centre) explains the features of the Ebony Park Solar Power System to (from left) Minister of Agriculture, Labour and Social Security, Hon. Derrick Kellier; MP for SW Clarendon, Hon. Noel Arscott; Permanent Secretary in the Ministry, Mr. Donovan Stanberry; and Chief Executive Officer of the NIC, Dr. Mark Richards.

Solar System at Ebony Park

As part of the Commission's energy efficiency objectives, a ten kilowatt solar power system designed to deliver energy worth approximately \$564,000, annually, was commissioned service at the NIC's Ebony Park Pumping Station, in Clarendon on August 11, 2015.

This programme was implemented under an agreement with New Leaf Power Conservation Solutions Limited. When expanded to 240 kilowatts it is projected to reduce the cost of providing irrigation to some 600 hectares of farmland by some \$6 million per year.

The then Minister of Agriculture & Fisheries, the Hon. Derrick Kellier, said that the solar system would improve agricultural production, through the delivery of reliable irrigation services. After seven months of operation, at the end of the fiscal year, the performance of the system confirmed that its incorporation into the Commission's supply chain would result in significant energy cost reductions.

Installation of VFDs

The installation of Variable Frequency Drives (VFDs) was completed at six major NIC irrigation sites, located in the parishes of St. Catherine, Clarendon, Trelawny and St. Elizabeth to assist the Commission to regulate its use of energy to pump and supply water to farmers.

The VFD is an electrical device, which varies the frequency and voltage to an electric motor; and, it is projected that this equipment will reduce the Commission's energy use by approximately 535.6 megawatt hours, annually; saving some \$18 million per year.

The project was funded by the Petroleum Corporation of Jamaica (PCJ) at a cost of \$22 million.

The use of VFDs; and the on-going exploration of a Supervisory Control and Data Acquisition (SCADA) system are integral to the Commission's strategic plan to reduce electricity costs assisted with the delivery of water for irrigation.

Engineering & Technical Services

energy Management: The Engineering and Operations Department facilitated savings of \$52 Million on electricity charges for the fiscal year. This was due to the use of VFDs, capacitor banks, management of the Jamaica Public Service Company's (JPSCo) rate charge, and irrigation scheduling.



The scheduling of irrigation accounted for most of the savings, resulting from reduced pumping of some 5,000 hours during the year under review.

Maintenance Plan: The Engineering Unit finalised the Company's maintenance plan for--mechanical, civil and property assets. Implementation of this plan will be vital, to ensure the reliability of the network and systems during the next fiscal year.



NIC Chief Executive Officer, Dr Mark Richards, addressing Colbeck WUA at their AGM, March 2016

Drought Mitigation: During the year, efforts to reduce farm production losses, as a result of the continuing drought affecting farms on the Southern plains of the country, were heightened with the implementation of several water loss reduction strategies.

For example, the St. Toollis, Duke Street and Decoy Wells were brought back into service. Consequently, the NIC completed its Water Loss Reduction Study, which outlined strategies to be adopted and these have been approved by the Board.

Commercial Department

During the year, the NIC produced a total of 99.5 million cubic metres of water; and sold 65.95 million cubic metres, or 66%, exceeding the 65% sales target for the period.

Two new irrigation schemes, at Amity Hall, St. Catherine and Plantain Garden, St. Thomas, came on-stream during the year; and a total of 59 applications for service are being processed. In addition, 243 applications for the delivery of water were received from other regions: and 91 were approved in the Eastern Region; while 152 were approved in the Western Region.

International, Regional and Local Partnerships

Regional and international partnerships continued to augment the quality of work at the Commission, as alliances were forged with entities in the State of Israel during the year.

In October 2015, the NIC Chief Executive Officer, along with the then Minister of State in the Ministry of Agriculture and Fisheries, the Hon. Donald Buchanan, visited the State of Israel. They met with irrigation experts, toured sites and plants; and established working contacts with the manufacturers of irrigation fittings and filters; as well as, discussed training for the fabrication of equipment; and advanced maintenance techniques.

The NIC's Engineering Team will pursue further linkages, based on the initiatives discussed on that visit.

In addition, two NIC representatives participated in a Procurement Law Workshop in Barbados last December, which focused on upgrading procurement techniques to eliminate bottlenecks and execute contracts in a timely manner. Participants in the Workshop were Dr. Mark Richards, Chief Executive Officer; and Mrs. Paola Arscott, Director Corporate and Legal Services.

Adaptation Fund: The Commission's alliance with the Adaptation Fund resulted in a grant of US\$5.5 Million for the installation of a filter system at Braco. The NIC continues to hold discussions with the Mexican Ambassador to Jamaica, in order to identify US\$5.5 Million for the canal upgrading programme.

Signing of Memoranda of Understanding (MOU):

During the fiscal year, the Commission signed three Memoranda of Understanding (MOU); and a fourth agreement is pending.

Jamaica Social Investment Fund MOU: An MOU for project implementation in selected irrigation schemes across Jamaica, to support agricultural development was signed between the NIC and JSIF, in August 2015. The projects were designed to enhance the welfare and quality of life of rural farmers and their families; as well as, to stimulate economic activity in farming communities, such as New Forest/Duff-House, Braco and Hounslow.

Jamaica Bauxite Institute MOU: A second MOU for the Water Harvesting and Greenhouse Cluster Project, was signed by the Commission and the Jamaica Bauxite Institute (JBI), in October 2015.

This project, was jointly implemented by the JBI, through its Bauxite Community Development Programme and the Jamaica Social Investment Fund.

It involved the provision of services for the planning, design, procurement, installation, management, harvesting and maintenance of the supply of irrigation water to the greenhouses located on eight project sites, including: Schwallenberg, St. Ann; and Rose Hall, Manchester; as well as, Blue Mountain and Content also in Manchester.

JAREECH, **RADA**, **Meteorological Office of jamaica** and NIC signed an MOU to supply Met Stations at 16 sites across the irrigation districts.

A fifth MOU, was scheduled to be signed with the All-Island Cane Farmers Association (AICFA) in March 2016; this was postponed; and the agreement will be reviewed during the next fiscal year.

Strategic Transformation

Capacity building and training of employees have resulted in a structured Staff Rationalisation Programme, which has been in progress during the past two years, to ensure that the NIC benefits from the skills of highly qualified staff members. In that regard, the following initiatives were pursued during the year:

- Ratification of the superstructure of the Company which was completed by the Ministry of Finance and Planning; and
- On-going work to rationalise the lower grades within the organisation.

The Performance Management Appraisal System was implemented; and all staff members were introduced to the strategic objectives of the Company which have been cascaded into their appraisals.

Public Education Initiatives

The Commission executed several proactive public education initiatives, during the fiscal year; and highlighted its role in fostering agricultural development and environmental protection, through participation in nine expositions along with other government entities. These shows included:

- The Kingston & St. Andrew Agricultural and Industrial Show, Agrofest, May 30, 2015
- Denbigh Agricultural, Industrial and Food Show, July 31-August 2, 2015
- World Food Day National Ceremony & Exhibition, October 16, 2015
- World Town Planning Day, November 9, 2015
- Eat Jamaican Day Exposition, November 25, 2015
- World Wetlands Day, February 2, 2016
- The Hague Agricultural and Livestock Show, February 10, 2016
- The Science and Technology Fair, March 21, 2016, and
- · World Water Day, March 22, 2016



Mr. Kenroy Hare, Field Service and Commercial Officer engages students at World Wetlands Day Expo.

Commendations and Welcome: The NIC congratulates nation builders, Dr. Conrad Douglas, Chairman of the NIC Board of Directors; and Mr. Phillip Kirkland O'Reggio, Workshop Superintendent, who were awarded national honours by the Government of Jamaica in August 2015.

Dr. Douglas was named a Member of the Order of Distinction, in the Rank of Commander (CD), for his invaluable contribution to the development of Science and Technology and for Public Service. Mr. O'Reggio received the Badge of Honour for Meritorious Service, for his contribution to the development of the Water Sector in the field of Engineering.

Our sincere thanks to the former Minister of



Agriculture and Fisheries, the Hon. Derrick Kellier, who was always available; and gave quality time to matters impacting farmers served by irrigated water.

The NIC also welcomes the new Minister without Portfolio in the Ministry of Economic Growth and Job Creation, Dr. the Hon. Horace Chang; and the Minister without Portfolio, the Hon. J. C. Hutchinson, as it plans for the new fiscal year. Given the primacy of the agrarian sector, the Company is prepared to set the pace for further achievements in agriculture.

The Commission extends its appreciation to outgoing Chairman, Dr. Conrad Douglas, and members of the Board for the incisive decisions they made during the year, which were instrumental in guiding the NIC to achieve its major targets.

Special thanks to our NIC Executives, Senior Managers, Engineers and corporate staff who, together, demonstrated their commitment to the mandate of the Company. Their efforts were reflected in the quantity of time spent, quality of work implemented, and the quotient of projects achieved.

Together, we look forward to the sustained and staunch support of all our team members as we endeavour to maintain quality irrigation systems, and continue to educate farmers to achieve increased production in our country's agrarian sector during the next fiscal year.

Dr. Mark RichardsChief Executive Officer
National Irrigation Commission Limited



Dr. Mark Richards, Chief Executive Officer of the NIC (2nd left) and Mr. Linford Cooper, NIC Deputy Board Chairman (right) explaining the irrigation process to youngsters on World Water Day, at Devon House, March 22, 2016.

NIC EXECUTIVE MANAGEMENT TEAM



Dr. Mark RichardsChief Executive Officer

Dr. Mark Richards was appointed Chief Executive Officer of the National Irrigation Commission Limited in November 2014; and subsequently, he was named Chief Executive Officer.

An environmental specialist for more than ten years, Dr. Richards has worked in several capacities within the Government of Jamaica in the areas of environment management and planning; climate science; and project management.

He holds a Doctorate in Atmospheric Environmental Chemistry from The University of the West Indies.



Mrs. Paola Arscott Director of Corporate and Legal Services and Corporate Secretary

Mrs. Arscott was appointed Director of Corporate and Legal Services; and Corporate Secretary of the NIC in 2012. She is an Attorney-at-Law, with emphasis on corporate and commercial law; and holds an EMBA in Finance and Advanced Marketing. She has more than 15 years' experience in senior management posts; and is a member of

the Bar Association of Jamaica.

Her responsibilities at the NIC include: legal services, property and transportation, occupational health and safety, human resources, industrial relations, public relations, administration and office services units.



Mr. Milton Henry
Director of engineering and Technical Services
Mr. Milton Henry joined the NIC in May 1990.
Since then he has held various posts including:
Manager, Distribution, Drainage and Water, April

Since then he has held various posts including: Manager, Distribution, Drainage and Water, April 1993; Assistant Resident Engineer, 1994; Regional Systems Director, January 1995.

He holds a Master of Engineering Services from The University of Melbourne, Australia; and a Post Graduate Diploma in Hydraulic Engineering from The University of the Netherlands.



Mr. Edgar Watson Director, Finance and Corporate planning

Mr. Edgar Watson joined the NIC as Director, Finance and Corporate Planning in March 2015. He holds a Master's degree in Business Administration, majoring in Finance, from



The University of the West Indies; and is an accomplished Financial Analyst with in excess of ten years in financial planning, managerial accounting, auditing, budgeting and fund management.

Prior to joining the NIC, he held leadership posts in several public sector entities; and has extensive experience in managing multi-lateral funding programmes from the United States Agency for International Development (USAID) and the World Bank.

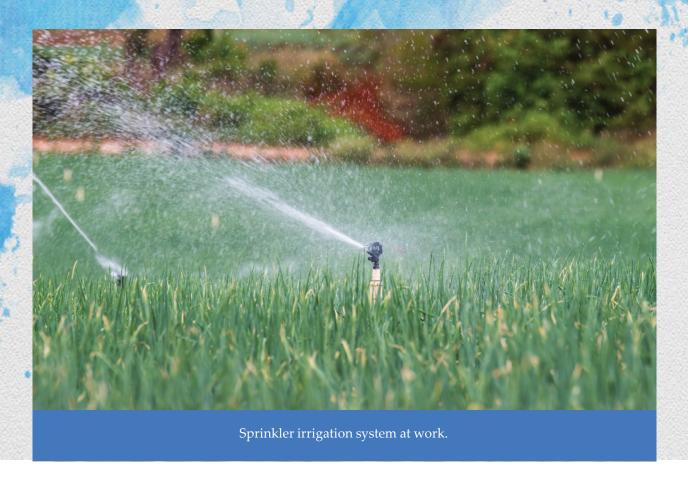
He has also assisted in negotiating loans and Lines of Credit facilities with the Inter-American Investments Corporation, the Multilateral Investment Fund and the Development Bank of Jamaica.



Mr. Wayne Barrett **Director, Commercial Operations**

Mr. Wayne Barrett was appointed Director of Commercial Operations at the NIC in February 2012. He has more than 17 years in managerial experience; and specialises in commercial operations and business management.

His qualifications include a MBA in Finance and a Bachelor of Science in Mechanical Engineering, both from Howard University, USA. And, he also holds certificates in Project Management and Real Estate Sales.



INFORMATION SYSTEMS DEPARTMENT

Goals 2015-2016

- he Information Systems Department (IS) operates under the Strategy Map Learning and Growth mantra of: "We have the right tools, processes, information and structure to execute the strategy."

The Department provided critical support to all of NIC's corporate objectives during the period, principally to:

- Increase total revenue collected from water sales to \$500m
- Reduce unit cost of water to \$15 per cubic metre
- Improve corporate and reporting systems

Increase Total Revenue Collected from Water Sales: The strategy to improve the Customer Billing Process contributed to the NIC achieving revenue totalling \$500 million. That initiative included automation of the Receipt Sub-System to meet NIC requirements; however, satellite District Offices in rural communities had limited communication infrastructure.

This application has proved favourable to the NIC's business process, with major benefits including quicker processing of water sales payments by customers. At the same time, the production period for weekly and monthly payment reports,

as well as monthly invoices has been dramatically reduced. This has helped to eliminate the duplication of effort.

Reduce Unit Cost of Water: The objectives were to: improve the collection of customer consumption data; and to develop the efficiency of other processes, in order to reduce the cost of operation.

To achieve those improvements, an upgrade of the Water Production and Canal Supply sub-system was effected, to capture and store data over any determined period of time, instead of the standard 24 hours. And data management was put in place to measure operational water losses.

Improve Corporate and Reporting Systems:

A Property and Motor Vehicle Management database was also developed, using Microsoft SharePoint which provided access to information in a few minutes to facilitate monitoring of maintenance and repair costs. The NIC's Mobile Communication Cost Management system was deployed and this reduced monthly Mobile phone expenditures by19%, against the budget at end of period. In addition, the use of the GIS ESRI Enterprise License Agreement (ELA), through the Government of Jamaica, also reduced the cost of company-wide access to GIS software.



Members of NIC staff, L-R: Ms. Sashae Hosine, Payroll Officer; Mrs. Sanchia Merchant-Gobern, Clerical Officer; Ms. Antonette Wauchope, Acting Senior Accounting Clerk (partially hidden); Ms. Stephanie Foster, Senior Accounting Clerk; Ms. Althea Nicholson, Accounts Receivable Officer; Ms. Ciente Blidgen, Accounting Clerk/Storekeeper and Ms. Valzie Lennon, Senior Accountant participating in a Microsoft Inventory Systems Training session.



Management and Use of IT Resources

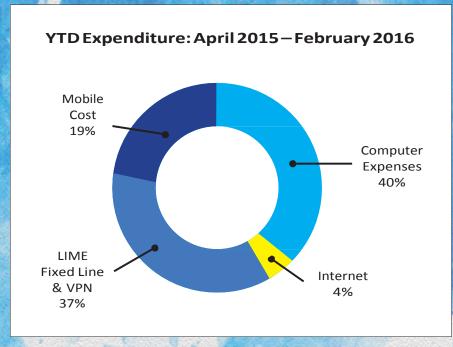


Figure 2: Information Systems Financial Resource Distribution by Major Categories



Information Systems member Miss Jeniffer Chambers (standing) conducting user training for the Receipt Sub-systems at the New Forest District Office.



Accountant, Mrs. Sandra Richardson-Rhone reviewing procedure during a break at a NIC conducted Microsoft Dynamics GP User Training at the NIC Head Office.

IS Department: Focus 2016 - 2017

Upgrade of NIC Computer Domain Network to include acquisition of new Servers and user hardware and software and reconfiguration of user documents storage

- Upgrading of the Corporate email systems to improve remote access
- Upgrading of financial management systems to improve corporate reporting and procurement
- Finalize the infrastructure to host corporate digital library to improve document management

Information Systems Operational Vision - SCADA Systems

SCADA (Supervisory Control and Data Acquisition) is a system operating with coded signals over communication channel so as to provide control of remote equipment. There are many applications that use SCADA systems:

- 1. Electric Power Generation, Transmissions Systems
- 2. Water and Sewage
- 3. Building Facilities and Environments
- 4. Traffic Signals.

SCADA and the NIC

The National Irrigation Commission (NIC) provides irrigation services across 10 Irrigation Districts. Our water source is primarily from Deep

Wells. As a result we face economic hardships brought about by increased maintenance costs, high electricity cost and reduced water supplies.

A SCADA System would provide the capability to capture real-time data, monitor changes in the water flows, shutdown or reopen a water channel, startup and shutdown of pumping systems and additional data capture that could be analyzed to improve operational planning and efficiencies.

How would a SCADA System Impact the NIC. The NIC would have to install new motorized gates and pumps equipped with flow and level sensors. The flow and level sensors would monitor and record water usage; and handle increase or reduction in demand requested. Communication by means of wireless options or cellular modems would allow for the system to be used in any location that has cellular service. The SCADA system would have the ability to display canal status on a computer and allows the user to set alarms based on events. System status such as water levels and volume could be determined from the system. The system would have the ability to open and close gates based on usage and demand. All the data captured by the system could be used to analyze efficiency of operations and provide almost realtime information. Water is a limited resource and as such has to be carefully monitored to ensure sustainability. A SCADA system would enable the NIC to effectively manage this essential commodity.



2015-2016 **Annual Report**



Commercial Department

orporate Objectives: To expand the customer base, maximise the collection of revenue and ensure continued customer satisfaction.

Water Sales and Drainage

During the 2015-2016 Financial Year, Water Sales and Drainage Charges increased by approximately 7.2 percent from \$604,476,191.86 to \$648,040,308.00. As a result, water sales revenue from new customers was approximately \$18.7M. The targeted volume billed of 56.8MM3 was exceeded by 7.4% or 4.1MM3 to 61MM3

This increase in sales can be attributed to:

- Increased demand during the excessive drought conditions experienced by customers throughout the irrigation systems across the island in 2015; and,
- Demand for irrigation services in the new areas targeted under the Ministry of Agriculture and Fisheries' Agro Parks Programme, particularly in the Mid-Clarendon District.

The percentage rate of collection remained in

the high 90s; and the Commission exceeded its collections target of \$541M by 12%, or \$65M to \$606M.

The NIC is cognisant of the economic challenges currently being experienced by its customers; consequently, the Commission continues to partner with persons who faced difficulties, using different strategies to optimise revenue collection. the collection strategies implemented, is the introduction of varied payment plans to customers. A survey of the different payment methods was conducted during the year. Approximately 59% of respondents indicated a preference for cash payments, while 19% opted for payments made by a collections agency. Some nine per cent preferred cheque payments, while eight per cent and five per cent preferred Point-of-Sales machines and online payments, respectively. This facility is expected to be introduced in the coming year.

Highlights of the Commission's invoicing for the financial years 2012-2016 are outlined in Fig. 3:

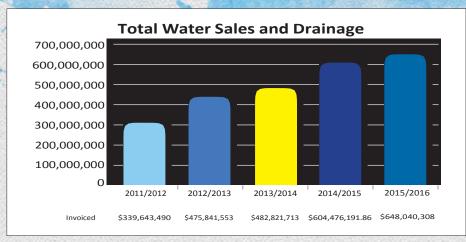


Figure 3: Total Water Sales and Drainage

Customer Service

Continuous customer engagement remains a priority for the Commission. Several initiatives were taken during the year to ensure continued customer satisfaction.

These included public education and training sessions which were conducted in irrigation

districts across the island. The NIC was challenged to meet the demands of customers during the drought period; however, a structured communication programme kept customers abreast of the Commission's response to the challenges. Customers were also invited to partner with the NIC to find ways to meet their needs.

The Commission continues to provide the

appropriate on-going training to its personnel and is very responsive to customers concerns and complaints. During the year, through collaborative efforts among several departments, Systems Operators were trained in the use of the metric

rule. This will facilitate more accurate billing.

The National Irrigation Commission Limited is committed to delivering the highest quality of service to its valued customers.

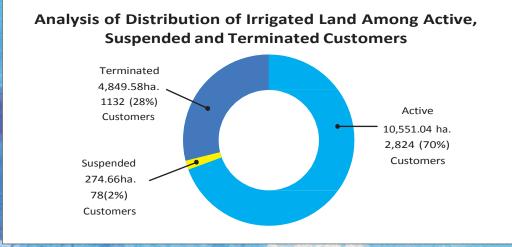


Figure 4: Analysis of Distribution of Irrigated Land

CUSTOMER STATUS				
Status	Number of Customers	Percentage of Customers	Acreage (Ha)	
Active	2824	70	10,551.04	
Suspended	78	2	274.66	
Terminated	1132	28	4,849.58	
TOTAL	4034	100	15,675.28	

Figure 4 depicts the distribution of irrigated lands among customers classified as active, suspended and terminated. Based on the total customer base of 4,034 occupying approximately 15,675.28 hectares of land, 70 per cent, or 2,824 customers on 10,551.04 hectares were active, while 2 per cent, or 78 customers on 274.66 hectares were suspended; and 28 per cent, or 1,132 customers on 4,849.58 hectares were terminated. The number of active customers on irrigated lands increased from 2,577 to 2,824, reflecting a 9.58 per cent increase.

Customer Base

The Customer Base chart (Fig. 5) is reflective of the spread of NIC's Customers. Large domestic customers accounted for 0.02% of the customer base and 12% of total volume billed, while industrial users were 01% of the customer base and 01% of total volume billed. Large agricultural users represented 06% of customers and 35% of volume billed, while 98% of customers and 51% of volume billed comprised small agricultural users.

Ramp sales accounted for one per cent of volume billed. Six percent of the customer base were sugar cane farmers, with 0.01% were engaged in aquaculture. And, approximately 92% represented



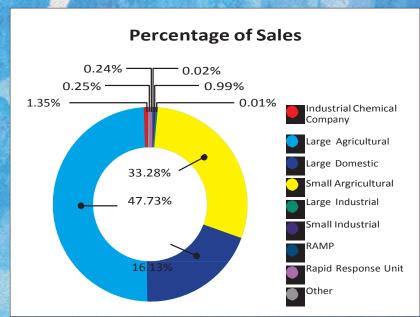


Figure 5: Spread of NIC's Customers

other crops grown, while large customers generated 81% of total revenue.

Newly Established Irrigation Scheme: The Commission supported the policy direction of the Ministry of Agriculture and Fisheries. To this end, the newest irrigation system to be commissioned by the NIC under the "Agro Parks" initiative was the Amity Hall Scheme. Some 16 applications for irrigation services have so far been received.

The Plantain Garden Irrigation System (PGR) in the Eastern Region, which was commissioned into service in 2015, experienced growth in the number of users, with a total of six new farmers added to the system.

The PGR System, developed as an Agro Park under the Ministry of Agriculture and Fisheries initiative, can accommodate 45 farmers, to manage some 87.99 hectares of land. To date, about 43 applications were received; and 28 customers farming 39.65 hectares are being supplied from the irrigation system.

Customer Care: Based on improved service delivery, customer complaints were significantly reduced during the year. Most of the complaints received focused on the drought that was being experienced; and its impact on the water resources

for agriculture across the country.

The Commission remains committed to delivering the highest quality of service; and accordingly, it is "fast-tracking" a response system, to address complaints and optimise service delivery.

Irrigation Water Applications: During the year, new applications for water were received and reviewed, from the NIC's Eastern and Western Regions, as follows:

Eastern Region: Approximately 91 applications, with a corresponding acreage of 1,909 hectares were granted.

Western Region: Some 152 applications were approved for a total 320 hectares.

Projections/ Forward Planning

The Commercial Department is committed to meeting the projected targets for the year 206/2017 with a ten per cent (10%) increase in the customer base for existing systems as well as the engaging of new customers in the newly established Agroparks. Revenue intake is projected to exceed \$648M, while volume of water sold is expected to increase to 75MM3.

ENGINEERING AND TECHNICAL SERVICES

Corporate Objectives

he work of the Engineering & Technical Services (ETS) Unit is encapsulated in the following corporate objectives:

- 1. Expanding the NIC's irrigation water supply by directly sourcing project funds focusing on Climate Change and Food Security opportunities.
- 2. Containing cost and increasing service delivery to world class levels through innovative technological solutions.
- 3. Increasing revenue water and collections through increased customer engagement and risk management.

Overview

During the financial year, the Engineering & Technical Services Department was engaged in work activities aligned with Priority Programmes as outlined in the NIC Strategic Business Plan for the period 2015–2018 including:

- Irrigation Water Delivery to Customers
- Energy Management and Cost Reduction
- Drainage services
- Repairs and Maintenance to Irrigation System Network
- Irrigation System Designs & Installation- Agro Park Initiative
- Other Engineering Projects
- Security Incidents

Notwithstanding the resource constraints, the Engineering team continued to focus on the delivery of the Company's goals. The agreed targets were achieved in several key areas including irrigation water delivery, energy cost avoidance, civil works installation, mechanical maintenance and security risk reduction.

The Energy savings met the projection of over 10%, to end the year at 10.69%. This coupled with the analysis of the JPSCo bills for overbilling has resulted in an overall avoided cost of 13.14% for

the year. This translated to the attainment of an energy cost of \$4.26 per m³ versus the targeted cost of \$4.57 per m³.

Drought Management Initiatives

The initiatives executed by the Engineering and Operations Team included:

- **1. Gravel Hill, South Clarendon:** The works for the extension of irrigation network in the Gravel Hill-Lower Rhymesbury area of the Mid-Clarendon Irrigation District. This has resulted in a significant increase in the volume of water available to farmers in this area.
- **2.** The construction of the ramp at Bluntas Tank in the Beacon Little Park Irrigation District.
- 3. New Forest/Duff House South Manchester-St Elizabeth the NIC doubled the capacity of the ramp at the New Forrest Duff House irrigation System. This has improved our capacity to fill trucks to distribute water to areas outside of the irrigated area. This resulted in greater availability of water for larger areas of the Junction and South Manchester.
- **4. Well rehabilitation was executed in Mid- Clarendon** to bring the St. Toolis well back into operation after more than a decade. Decoy and Duke Street pumps were also rehabilitated.

Repairs to the Old Milk River Canal was initiated to reduce water loss along the line; and to ensure that water provided by the rehabilitated wells could be effectively distributed.

Collaboration continued with water partners to develop the Artificial Aquifer Recharge Project at Innswood in St. Catherine. The NIC has committed to provide excess water from the Rio Cobre, especially in rainy periods, to the recharge facility. The facility was tested during the year in review.

Significant effort also went into completing works in Agro Parks to meet the IMF Agreement of nine Agro Parks at the end of 2015-16.



Drainage Services

To reduce the flood risk to lands and personnel, the NIC continued to deliver monthly drain maintenance services in the Upper and Lower Morass regions of St. Elizabeth. A total of 102 km of drains were maintained during the year. (see Figure 6). Significant effort was concentrated on the major drains including the Black River, Grass River and Mitcham drains to ensure that flows could be properly discharged from the project areas.

Both mechanical and manual cleaning methods were used to include excavator, drag line and back hoe. Unfortunately, drain cleaning effort was stymied during the last quarter of the year, as a result of the major repairs required on the excavator. This equipment has since been returned to service

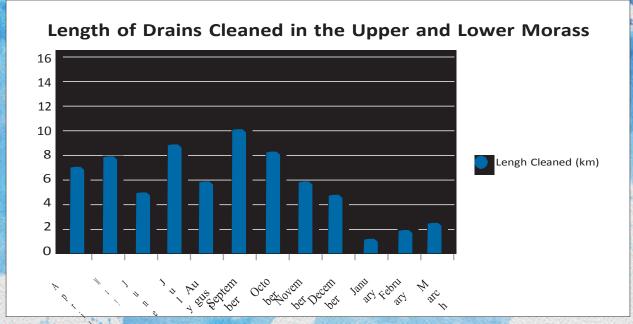


Figure 6: Length of Drains Cleaned in the Upper and Lower Morass during April 2015 - March 2016



Security Services

The mandate of the Security Unit is to reduce security risks to staff and property through the identification, implementation and monitoring of security measures. During the year under review, there were 33 major security incidents committed against the Commissions systems across the island. In addition, the processing of 26 cases was brought forward from the previous Financial Year, 2014-2015.

The leading types of security violations to the NIC's systems during the year continued to be:

- Illegal extraction of water and tampering with NICequipment
- Vandalism and damage to irrigation works
- Squatting and encroachment on the canal reservations

Of the current cases, 25 or 75% were incidents of illegal extraction and tampering; and the remaining cases included vandalism, damage to irrigation works, squatting and encroachment. Two of the Commission's pump stations were vandalised this year, a reduction of two incidents from the previous period. Both illegal acts are being investigated by the Police. (See Figure 7)

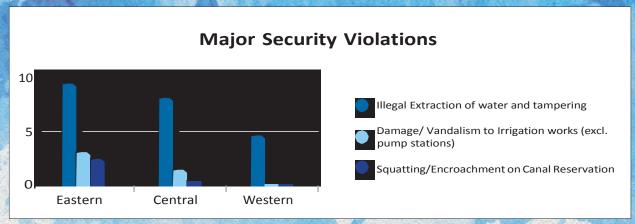


Figure 7: Analysis of Security Incidents

Funds in the sum of \$586,313.80 were recovered by the Company during the year from persons sanctioned for the offences of illegal extraction,

tampering, damage and vandalism. (See Figure 8).

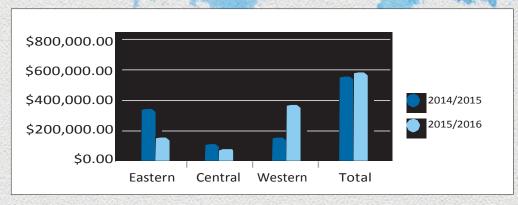


Figure 8: Funds Recovered

The observation of the increase in security cases must be viewed in the context of new and expanded irrigation systems operated by the NIC

over the period, hence expanded infrastructure and an increased area of coverage.



In addition to security risks to the NIC system, of even greater concern is the security risks faced by NIC staff members who are required to make daily patrols and execute works in very remote, volatile areas in Spanish Town and its environs. While these risks cannot be eliminated, we have identified several strategies to mitigate against and deter criminal acts against employees and property. Some of these strategies are:

- Increased security patrol by private security and in-house personnel.
- Enforcement of sanctions against offenders.
- Phased implementation of security technologies

- within NIC systems.
- Requests to Police jurisdictions for increased patrol in volatile and remote areas.
- Swift action in removing new structures being erected on canal reservations.
- Participation in an Inter- Agency Committee to combat the growth of squatter settlements, which is a national problem.

The NIC's Public Relations Department carried ongoing public programmes to raise awareness on the occurrence, sanctions and adverse effects of misuse and vandalism of the Company's systems.

NIC: the Development of Agro Parks

n agrarian strategy for the development of Agro Parks and farm lands which integrated all aspects of the agricultural chain, from pre-production, post-harvesting and marketing, was established in Jamaica by the Agro-invest Corporation along with the government, farmers and other stakeholders.

Basically, the concept sought to create a context in which individual farmers could grow crops, or manage fisheries, in an environment which encouraged sustainability, generated long-term and seasonal employment; improved market access; and contributed to higher levels of agricultural production. The idea took root, as farmers grasped the opportunity to work on contiguous lands, with the assurance of assistance from RADA and the NIC, under the auspices of the former Ministry of Agriculture and Fisheries.

"Today, it is estimated that more than 1,000 hectares of lands are being farmed in Agro Parks; and we, at the NIC, are confident that, given their structure, Agro Parks will eventually play a significant role in the expansion of our country's agrarian sector. The support of government entities, such as the NIC will enhance prospects for the success of these parks," Dr. Mark Richards, the Commission's Chief Executive Officer, stated.







Scotch Bonnett peppers, sweet peppers and tomatoes produced at Agro Parks.

NIC's Development Contribution

Dr. Richards also indicated that, during the period 2013 to 2014, the NIC made significant contributions to the planning, design and installation of irrigation and other services to facilitate the establishment of Agro Parks.

Some of these activities included: Completion of field layout plans and GIS mapping for Spring Plains, Ebony Park and Plantain Garden River; and development of irrigation designs for Hill Run, Spring Plains and Plantain Garden River (PGR) Agro Parks.

Mr. Milton Henry, Director of Engineering and Technical Services at the NIC, reported that, "The NIC installed irrigation systems at Plantain Garden River; carried out irrigation and drainage rehabilitation of the Meylersfield system; and trained farmers about the irrigation systems in operation at the Ago Parks."

He further explained that, the Yallahs and New Forest/Duff House Agro Parks were established in irrigation schemes previously developed by

the Commission, under the National Irrigation Development Programme funded by the Inter-American Development Bank

He also noted that for Farmers in Agro Parks to achieve their objectives, the NIC provided them with training in the use of specific types of irrigation methods.

"We are, therefore, confident that with their adoption of a preferred water system; and application of proper production techniques, their farms will prosper," Mr. Henry said.

"Looking to the future," Dr. Richards said, "with water and improved economies of scale to farm in Agro Parks. we anticipate that production will increase exponentially."

During the next fiscal year, the NIC under the Ministry of Economic Growth and Job Creation will continue its partnership with agencies, such as RADA to enhance the development and operation of Agro Economic Zones, thereby creating employment and growing the agricultural sector.



Dr. Mark Richards (3rd right), NIC Chief Executive Officer interacting with farmers in the field.



The Public Relations Unit

n the fiscal year under review, the NIC's Public Relations Unit focused on enhancing its internal and external communication projects, to ensure that employees were informed about the work of the Commission; and, water users and the wider public were aware of the irrigation initiatives of the NIC.

The Unit wrote, designed, published and distributed two issues of the Commission's quarterly staff publication, *The Channel*, which was produced in print and electronic formats. General feedback to the publication was positive.

To support the NIC's strategic direction and programmes mounted by the Commercial Operations and the Engineering & Technical Services Departments, the Unit also concentrated on customer retention and expansion programmes.

NIC Positive External Communications: In

October and December, the Chief Executive Officer and Senior Managers of the Commission achieved positive results from their participation in a Think Tank session at the Jamaica Information Service (JIS); and, a Monday Exchange at The Jamaica Observer.

The Think Tank generated multiple news stories on radio, television and in the print media, including.

NIC's Plans to Upgrade the Hill Run Irrigation and Piping Systems

The Need for Stakeholders to Protect Systems from Vandalism

Weekly Rotational Water Distribution to Mitigate Drought

And, there were several interviews on the radio programme, "Calling Farmers"

The Feedback from the Jamaica Observer's Monday Exchange, highlighted the achievements gained and challenges faced by the NIC; and generated the following print media features:

- Thieves Draining Millions from National Irrigation Commission
- High Energy Costs Push NIC Towards Alternative Power Sources

- National Irrigation Commission Moves to Boost Efficiency
- NIC Expecting End Soon to Impasse with Hill Run Farmers
- Those Dangerous Canal Splashes
- NIC Has Hand in Ago-Parks Success



Mr. Kenroy Hare, Field Service and Commercial Officer (2nd left) explaining the NIC to students of Cumberland and Camperdown High Schools at World Wetlands Day, in Port Royal, February 2016.

MOVING FORWARD

The Public Relation Unit will increase its publicity programmes to keep the achievements of the NIC in all areas of the print and electronic media to include New Media. Participation in exhibitions and displays will be strategically chosen to best promote the image and activities of the NIC.

- Improve in-house strategies to foster a better understanding of the work of the NIC, to involve visiting and showcasing the activities of the different Districts.
- Actively promote in-house and in the public media NIC's workers and their contributions and achievements
- More frequent meetings and consulting with Internal Directors and Managers to stay current and aware
- Increase community activities in a meaningful way, to better fulfil its social responsibilities
- Improve its presence on the government websites in general and specifically the Agency's parent Ministry. Ministry of Economic Growth and Job Creation. (MEGJC)
- Work closer with MEGJC and other agencies in the Ministry

CORPORATE AND LEGAL SERVICES

The Corporate Objectives were to:

- Develop a cadre of professionals through human resources programmes which support and expand staff competencies and ultimately enhance the sustainable delivery of service to our customers.
- Implement and monitor the administrative systems, procedures and policies of the Commission; to ensure the protection of its assets and legal rights and to provide an efficient support system through general office services.

Corporate & Legal Services Division

During the year under review, the Corporate & Legal Services Division undertook several initiatives to support the strategic direction and programmes instituted by the Board of Directors and Senior Management to achieve organisation-wide commitment to excellence. These included Training and Development strategies to reinforce a knowledge-driven culture and programmes to strengthen the Company's adherence to policies and procedures, compliance and the management of its assets.

The Human Resources Management Unit revamped the Performance Management Appraisal System (PMAS) to award performance based on achievement of targets. The Company's paid vacation leave policy was amended to strengthen its administration of Vacation Leave Allotment for eligible employees.

The Property and Transport Unit made significant gains in the management of the Company's fleet and motor vehicle loan portfolio; and the internal newsletter "Vision Rehydration" was introduced to inform staff members about the aims of the Vesting Project and its achievements.

Legal Services

During the period April 2015 to March 2016, the Legal Services Unit had oversight for:

 Implementation of strategies to strengthen functional competency and build foundations for a performance based meritocracy.

- Implementation of strategies to protect the Commission's irrigation infrastructure through securing lands for reservations and the acquisition of easements.
- Implementation of the "Vesting Project" which seeks to bring on to the books of the Commission land interests which were not acquired at the time of incorporation of the NIC.
- Managing litigation and negotiating claims against the Commission in a cost effective manner.
- Provision of adequate insurance values for property.
- Cost Containment initiatives.
- Facilitating effective corporate governance mechanisms.

There were six cases during the financial year involving unfair dismissals, negligence, recovery of debt and wrongful death: three within the Supreme Court; two within the Court of Appeal; and one in the Parish Court for Clarendon. Judgment was received in the wrongful dismissal claim in the Court of Appeal and all other judgments remain outstanding.

Several matters were received from the Office of the Public Defender. All were resolved with the exception of the issue raised by the Hill Run Fish Farmers' and Agricultural Association Limited of St. Catherine.

The Vesting Project

Under Sections 16-18 of the Irrigation Act, the NIC is required to register its interests in properties within declared Irrigation Areas. The Irrigation Act provides the framework to achieve this (Vesting Order) but not the procedural steps for obtaining the Order. As a result of the NIC not registering its land interests at incorporation, a number of issues have arisen, namely:

- 1. Expenditure of public funds on infrastructure which are not held as assets on the Company's books
- 2. An explosion of squatter settlements on reservations for canals resulting in safety issues for staff.
- 3. Limited capacity to pursue matters of



- encroachment in the Courts as the NIC does not hold registered title to canal lands.
- 4. Claims for negligence where houses constructed close to canals are damaged during floods or from seepage.
- 5. Prevention of effective maintenance due to the construction of infrastructure on canal reservations.
- 6. On the sale of COL lands Titles being issued to private land owners without the land interests of the NIC being noted.
- 7. Current lease arrangement for properties that should have been vested, with liabilities to pay property taxes.

The aim of the Vesting Project is to:

- 1. Ascertain the location and condition of the infrastructures owned and/or controlled by the NIC (canals, pump houses, houses, micro dams, wells and field offices);
- 2. Ascertain ownership of lands upon which these infrastructures have been established;
- 3. Implement an Action Plan to vest ownership of the identified properties in the NIC. The Action Plan was framed as follows:
- Lands within the Irrigation areas owned by the Commissioner Lands (COL)
- Registered Lands privately owned Lands to be declared new Irrigation areas
- Unregistered Lands privately owned
- Determine Vesting methodology
- Amend Irrigation Act, Amendments to include the addition of Regulations to govern vesting procedures
- 4. Affirm and protect the land rights of the NIC upon which irrigation infrastructures exists especially in light of expected cost of repairs and expenditure to improve the system.

Geographic Information System (GIS) technology was used to determine the GIS coordinates of various properties.

In December 2015, a schedule containing information on the NIC's pump houses, field offices and houses was delivered to the Office of the Commissioner of Lands; however, the COL did not commence the process of verification of ownership until March 2016.

Registered titles were obtained for two well sites, one in the Yallahs Irrigation Area and the other in the New Forest Irrigation Area.

The quarterly internal newsletter "Vision Rehydration" was introduced to inform the staff about the objectives of the Project and to keep them updated regarding its accomplishments. There were three issues: September 2015, December 2015 and March 2016.

Expected benefits of this initiative are the consolidation of the Commission's Fixed Asset Portfolio with projected increases in its fixed asset holdings in the future and the enhanced ability of the NIC to manage its property interests.

Property & Transport Unit

Vehicle Management System: The Property & Transport Unit's cost cutting initiative in ensuring strict adherence to the Government's Motor Vehicle Policy guideline, has been successful in decreasing gas consumption for motor vehicles since its implementation in October 2014. The average monthly decline in the cost of petrol consumption for April 2015 to March 2016 is 60.22%. The decrease in value of petrol on the market enhanced the gains achieved and the real savings for the NIC was in the average monthly decline in the use of petrol at 40.43%.

Registration of Lien & Security Agreement: The Unit has continued to implement the procedure for securing staff motor vehicle loans by registering the liens on the national database for security for personal property maintained by the Companies Office of Jamaica.

This is done in accordance with the National Security Interest in Personal Property Regulations for the security of motor vehicle loans to employees. Additionally, the Unit ensures the endorsement of liens on each motor vehicle titles.

Securing Vesting Interests: The Unit continues to work with the Legal Services Unit to secure the Commission's vesting rights in declared irrigation areas. Other property rights such as tax exemptions are being pursued.

Payments for properties leased are kept up-todate and there is adequate insurance coverage for all property of the Commission. Initiatives for the development of a property database are being employed.

Occupational Safety & Health (OSH)

Various initiatives are used by the OSH Unit to mitigate against occupational hazards internally and externally. These include the upgrading and implementation of warning signs in offices, workshops, by road works and canal reservations.

A draft policy manual was developed in preparation for the enactment of the OSH Act and Regulations. Incidents are monitored and their causes assessed to ensure the general safety of members of staff and visitors and effectively manage risks.

Administration & Office Services

We have commenced an initiative with a view to establishing a Digital Library beginning with project documents. The Documents Retention and Archiving Policy was developed and is slated for implementation within the 2016/2017 financial year.

Strategic Initiatives

The Corporate Plan for the NIC was developed in keeping with the plan for transformation which

had commenced during the 2014/2015 financial year.

The Capacity Building Initiatives involving the re-organisation of the NIC under the direction of the Ministry of Finance & Planning, were actively pursued. The Divisional Level Structure was accepted and approved, with Phase 2 of the reorganisation set to focus on the core business areas of Client Services, Operations and Engineering & Technical Services.

The Culture Shift Initiative continued with a focus on training to close the gaps identified, with special initiatives such as the establishment of Divisional meetings to address the communication gaps and lack of adequate information flows within the organisation.

The initiatives focused on the Business Directional Shifts have not been sustained and will require renewed efforts to ensure that the customercentric programmes with the agreed outcomes are being achieved.

The Balanced Scorecard methodology was implemented as the reporting framework to record achievements against agreed targets.









Pump house and field offices in irrigation areas.



HUMAN RESOURCES MANAGEMENT& INDUSTRIAL RELATIONS

Performance Management Appraisal System (PMAS)

new Performance management Appraisal System (PMAS) was introduced in April 2015 to support the culture of change focusing on outcomes and achievements of targets. Job descriptions were redrafted in the output focused format with specific standards and targets directly aligned to the organization's and Ministry's goals and objectives.

The main aim of PMAS is to focus on incremental staff development to ensure that there is a direct correlation between the work done and the organisation's goals. It was one of the strategic initiatives to revamp and implement a Talent Management system linked to the achievement of the strategic objectives.

Vacation Leave Plan: During the year under review, the administration of the Vacation Leave Allotment was given flexibility to allow eligible employees to take vacation leave within the 12 months in which the leave is earned if necessary in order to ensure the cost effective administration of the process and to satisfy the exigencies of the operations of the Company and the well-being of the employees.

As a result of this change in the paid vacation leave policy, the organisation was able to successfully implement a Vacation Leave Plan that has reduced accrued vacation leave from \$37.9M in 2015 to \$31.2M in 2016. This resulted in a net reduction of \$6.7M to the expense line.

Scholarship Awards

During the year, the introduction of the Board of Directors' Award was introduced. The Members of the Board of Directors as an expression of their interest in assisting and supporting scholarships and education in favour of children of the staff of the NIC, committed the sum of one month's Board meeting fees to fund the scholarship.

The Award is to be part of the Annual Awards and Scholarship of the NIC.

Staff Achievement

The NIC congratulates the following staff members for their achievements during the year:



Miss Patricia Taylor, Administrative Assistant, Public Relations Unit was awarded the Master of Business Administration by the Beijing Normal University, Beijing, China.



Miss Sashae Hosine, Payroll Officer, Head Office was awarded the Bachelor of Science Degree in Business Administration by the University of Technology, Jamaica.



Miss Tiffany Augustine, Corporate Planning & Performance Management Analyst assigned to the Corporate & Legal Services Division, was awarded the Practicing Attorney-at-Law Legal Education Certificate by the Norman Manley Law

Staff Development

In March 2016, Mr. Carlington Darby, Systems Operator, Hounslow was granted study leave commencing September 2016 to pursue a two-year Associate of Science Degree in General Agriculture at the College of Agriculture, Science and Education (CASE), Jamaica.

In March of 2016, Mr. Kenroy Hare, Field Service and Commercial Officer commenced a master in science degree in Agricultural Entrepreneurship at the University of the West Indies, Mona.



FINANCE AND CORPORATE PLANNING

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

Financial Summary

The Commission recorded a surplus of \$246.4M for the Financial Year 2015-2016. This represents

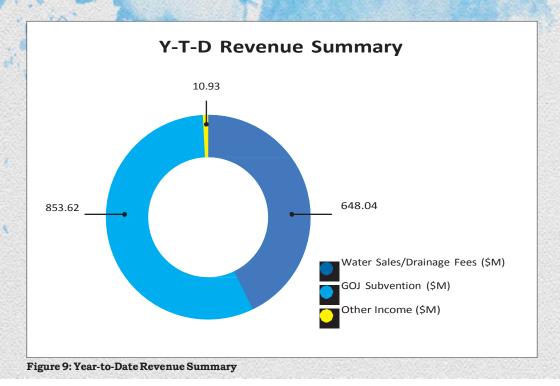
an improvement of \$325.8M over the previous year's deficit of \$79.4M.

Revenue

Total Revenue grew to \$1.51B, an increase of \$0.26B or 20.8% above the corresponding income figure of \$1.25B reported in Year 2014-2015, This was \$0.37B higher than the budgeted revenue of \$1.14B projected for Year 2015-2016.

National Irrigation Commission Limited Revenue Summary Year April 2015 - March 2016 (\$M)

Revenue Items	Actual YTD	Budget	Difference	Actual %
Contract of the Contract of th				
Water Sales/Drainage Fees (\$M)	648.04	542.25	105.79	42.8%
GOJ Subvention (\$M)	853.62	592.47	261.15	56.4%
Other Income (\$M)	10.93	1.62	9.31	0.7%
Total	1,512.59	1,136.34	376.25	100.0%



GOJ Subsidy

The growth in revenue inflows was driven primarily by the Government of Jamaica (GOJ) subsidy, which was increased by \$224M, or 35% over the previous year's figure of \$629.4M to reach \$853.6M, as the Government provided assistance to farmers impacted by the high cost of pumping water during the extended drought period.

Water Sales & Drainage Charges

Revenue from the Commission's core business, water sales, grew by \$42.3M year-over-year from \$604.5M to reach a high of \$646.8M, despite the pressures of the long drought, which resulted in a significant percentage of the customary water sources being depleted.

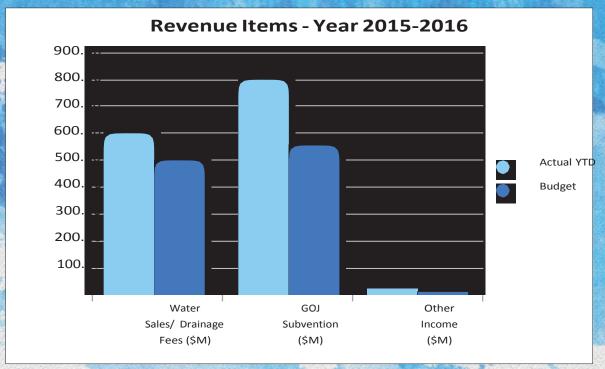


Figure 10: Revenue earned in Fiscal Year 2015-2016

The demand for irrigation water continued to exceed the current supply, particularly in the Central and Western regions, indicating the need for adequate long term planning; and capital investment.

Revenue from drainage charges remained flat at \$1.2M during the year, as the Commission sought to present the government with the economic justification for a long-awaited increase in drainage charges.

Other sources of income, including reconnection fees and interest income, continued to be relatively insignificant.

Expenditure

Total expenses for the Year 2015-/2016 were \$1.301 billion, reflecting a minor reduction of \$0.065 billion or 4.76%, relative to the previous year's expenditure of \$1.366 billion.

The direct cost of producing and distributing water to farm gates decreased marginally from \$1.08 billion in the previous year to \$1.02 billion in the period under review, arising primarily from reduced pumping costs during the latter months of the year.

As in the previous year, the Commission continued to experience challenges, particularly in the area of capital financing for replacement of pumps; and canal repairs, against the backdrop of the extended drought period. This resulted in electricity pumping cost occasionally exceeding revenue from water sales, at the existing tariff rates. Pumping cost, therefore, continues to be the single most difficult challenge, at this time.



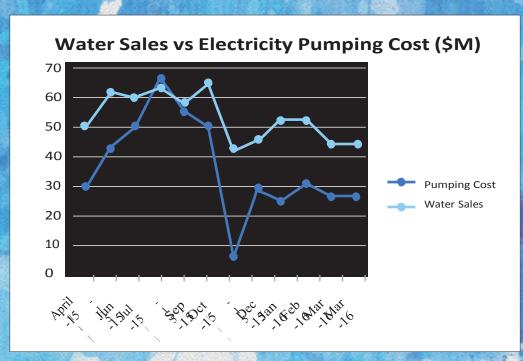


Figure 11: Comparative Sales and pumping Cost

The Commission experienced some reduction in electricity pumping cost during the latter months of the year due to decreases in world oil prices; and the efforts of the Technical Department to improve operational efficiencies.

Strategies introduced included: varying pumping

hours, to take advantage of JPSCo rates that better represent the NIC's pattern of usage; installation of Variable Frequency Drives (VFD); and on-farm water management; as well as, reduction in water loss. These efforts resulted in a marginal decrease in pumping cost which moved from \$493.8M to \$461.8M, a reduction of \$32 million or 6.5%.



Mr. Richard Cox, Senior Works Superintendent measuring the water flow in the Caymanas Canal, St Catherine.

INTERNAL AUDIT DEPARTMENT

he scope of work of the Internal Audit Department is to determine whether the organisation's network of risk management, control and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed.
- Interaction with the various governance groups occurs as needed.
- Significant financial, managerial and operating information is accurate, reliable and timely.
- Employees' actions are in compliance with policies, standards, procedures and applicable laws and regulations.
- Resources are acquired economically, used effectively and adequately protected.
- Programs, plans and objectives are achieved.
- Quality and continuous improvement are fostered in the organisation's control process.
- Significant legislative or regulatory issues impacting the organization are recognized and addressed appropriately.

Opportunities for improving management control, profitability and the organisation's image may be identified during audits. They will be communicated to the appropriate level of management.

During the financial year 2015-16, the NIC's Internal Audit Department completed audits and Investigation projects resulting in Reports which produced numerous recommendations for improvements in Internal controls and Operations.

Internal Audit Work plan for the financial year under review 2015/2016 included:

- Operations
- Finance
- Administration
- Special Audits
- Site visits

Investigation Audit Summary: Year 2015 - 2016



Figure 12: Investigation Audit Summary

The NIC was in full compliance with its statutory declaration.

Audit activities planned for 2016 /17

- Financial
 - Review of Income and expenditure
 - Bank reconciliation
 - Analysis of accounts receivables
 - Review of employee compensation
 - Review of Loans
- Administrative
 - Review of the employment process
- Operational
 - Examination of contracts for general works, goods and services, capital items.
 - Review of the procurement and management of items of stores.
 - Annual inventory survey
 - Site visits to districts and projects

The weaknesses in the systems of control and general unfavourable findings along with applicable recommendations to reduce or mitigate the issues identified during the audit are reported on a quarterly basis to the audit committee.



National Irrigation Commission Limited Five Year statistics

September 1	SIGNIFICANT METRICS	\$'000	\$'000	\$'000	\$'000	\$'000
		2015/2016	2014/2015	2013/2014	2012/2013	2011/2012
	Shareholders' Equity	614,335	367,891	447,268	627,535	586,736
	% Increase/decrease compared to prior year	66.98%	(-17.75%)	(-28.72)	6.95%	16.39%
	Total Assets	1,263,887	1,152,446	1,161,994	1,263,443	1,260,121
	% Increase/decrease compared to prior year	9.66%	(-0.82%)	(-8.02%)	0.26%	0.46%
	PROFIT & LOSS ACCOUNT					
	Operating Revenue	1,501,662	1,235,205	984,543	1,005,853	999,961
	% Increase/decrease compared to prior year	21.57%	25.46%	(-2.12%)	0.59%	39.14%
	Accumulated Surplus	206,205	40,238	39,138	219,405	178,605
	% Increase/decrease compared to prior year	612.46%	(-203%)	(-82%)	23%	86%
	IMPORTANT RATIOS					
	Admin. Expenses as a % of Total Cost	21.76%	20.68%	20.74%	24.45%	24.74%
Same and	Operating Expenses as a % of Total Cost	78.23%	79.72%	79.26%	75.45%	74.26%
	Electricity Expenses as a % of Total Cost	35.49%	35.96%	29.99%	27.25%	27.67%
	Electricity Expenses as a % of Operating Cost	45.36%	45.11%	37.83%	36.14%	37.22%
	Rates/Water Sales as a % of Total Cost	49.69%	44.93%	40.45%	46.95%	35.42%
	Rates/Water Sales as a % of Operating Cost	63.52%	56.35%	51.03%	62.27\$	47.65%
	GOJ Subsidy as a % of Total Cost	65.58%	46.68%	42.03%	52.25%	68.86%
	GOJ Subsidy as a % of Operating Cost	61.82%	58.56%	53.03%	69.29%	92.64%

Total Assets increased by \$0.11B or 9.5% from \$1.15B to \$1.26B relative to the previous year. Growth in the Commission's asset base was due mainly to its improved cash position, arising from increased Government subsidies during the year; and higher water sales revenue; as well as, the reduction in pumping cost towards the end of the year.

Accounts Payable declined from \$351.7M in the previous year to \$206.3M, due primarily to the reduction in the balance due to the JPSCo. The Commission's current asset ratio, therefore, reflected this improved position, increasing from 0.60:1 at the end of the previous year, to 1.02:1 as at March 31, 2016.

The Surplus of \$246.4M reported for the year resulted in a 66.9% increase in shareholders' equity.

In pursuance of its overall objectives, the Commission continued to collaborate with several local and international institutions, including the Sugar Transformation Unit (STU) and the Agro Investment Corporation (AIC) of the Ministry of

Agriculture and Fisheries, in support of the Agro Park projects.

Other capital projects in the pipeline include: the joint financing of the Braco Filtration System with the assistance of the GOJ/Adaptation Fund Programme; and a partnership with the Jamaica Social Investment Fund (JSIF) for the acquisition of an "industrial well pump set" for Plumwood, Manchester.

Discussions continued with the Mexican Embassy to encourage its participation in the National Irrigation Canal Rehabilitation Project in the St. Catherine and Mid-Clarendon Districts, which is scheduled for implementation in the coming financial year.

During the year, the Finance Department of the NIC continued to improve its internal control and reporting systems, with the introduction of the electronic receipt system as part of the overall effort to fully automate its operations. Cost saving measures were also implemented in the areas of security, travelling and other administration expenses.

Strategic Priorities And Major Objectives – 2016/2017

- 1. Increase Volume Of Water Accounted For (63Cm. 75Cm).
- 2. Increase Total Revenue 10%
- 3. Increase Collection From Sales (\$513M-\$615M)
- 4. Reduce Operating Expense (\$18/Cm \$17/Cm)
- 5. Improve Service Delivery:
 - Improve Response Time
 - Implement Marketing Plan
- 6. Build Capacity In Water Management
 - Demonstration Plot
 - On Farm Water Management
 - Improve Project Management Systems And Capacity
- 7. Improve Accountability Systems

- 8. Strategic Transformation Initiative Functional Organizational Structure To Be
 - Approved & Implemented
 - Agro Parks, Energy Optimization & Renewable Energy

Reduce Energy Cost/Consumption

- Increase alternative energy in energy mix
- Incorporate technology to reduce demand
- Develop synergies to develop viable sources



DIRECTORS' COMPENSATION, 2015-2016

Name and Position of Director	Fees (\$)	Motor Vehicle Upkeep/Travelling or Value of Assignment of Motor Vehicle (\$)	Honoraria (\$)	All Other Compensation including non-Cash Benefits as applicable (\$)	Total (\$)
Chairman - Conrad Douglas	246,375.00	19,114.90	-	-	265,489.90
Statutory Director 1 -Balfour Hewitt	118,500.00	460,570.00	-	-	579,070.00
Statutory Director 2 -Basil Fernandez	73,125.00	-	-	-	73,125.00
Statutory Director 3 -Carolyn Campbell	94,125.00		-	-	94,125.00
Statutory Director 4 - Edith Chedda	135,375.00	339,980.60	-		475,355.60
Statutory Director 5 -Emile Spence	199,125.00	34,092.60			233,217.60
Statutory Director 6 -Howard Hill	261,750.00	118,743.90	-	-	380,493.90
Statutory Director 7 -Keith Verley	93,000.00	6,805.60	-		99,805.60
Statutory Director 8 -Linford Cooper	227,843.75	346,931.50	-	2	574,775.25
Statutory Director 9 -Ludgar Parish	156,375.00	192,229.40	-	-	348,604.40
Statutory Director 10 -Miranda Wellington	70,500.00	156,925.00	-	-	227,425.00
Statutory Director 11 -Oswald Bent	132,750.00	337,717.00	2-		470,467.00
Statutory Director 12 Rankin Watson	148,500.00	354,992.00		-	503,492.00
TOTAL	1,957,343.75	2,368,102.50			4,325,446.25

Names of Committee Member	Fees	
		Total (\$
Omar Alcock *	7,875.00	7,875.00
Yvonne Barrett-Edwards *	10,500.00	10,500.00
Total	•	18,375.00

SENIOR EXECUTIVES' COMPENSATION

Position of Senior Executive	Year	Salary (\$)	Additional Payments (\$)	Travelling Allowance (\$)	Other Allowances (\$)	Total (\$)
Dr Mark Richards Cheif Executive Officer	2015/2016	6,331,735.35	109,580.67	284,585	209,711	6,935,612
Edgar Watson Dir. Finance & corporate Planning	2015/2016	4,295,957.46		1,077,360	88,792.54	5,462,110
Wayne Barrett Director Commercial Operations	2015/2016	4,598,456	37,812.52	1,077,360	115,402	5,829,031
Milton Henry Dir Engineering & Technical Services	2015/2016	5,770,634		1,077,360	260,862	7,108,856
Paola Arscott Dir. Of Coporate & Legal Services	2015/2016	4,863,141	2,131,235.23	1,077,360	722,260	8,793,996
		25,859,924	2,278,628.42	4,594,025	1,397,028	





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INDEPENDENT AUDITORS ' REPORT

To the Members of NATIONAL IRRIGATION COMMISSION LIMITED

Report on the Financial Statements

We have audited the financial statements of National Irrigation Commission Limited (company), set out on pages 3 to 38 which comprise the statement of financial position as at March 31, 201 6, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors 'Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including our assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of NATIONAL IRRIGATION COMMISSION LIMITED

Report on the Financial Statements (cont'd)

Basis of Qualified Opinion

As described in note 8(b), the company, in the prior year, extended health insurance coverage to its retirees which was revoked on September 2, 2015. An actuarial valuation of the postemployment benefits and the related costs of providing these benefits was not completed at March 31, 2015, nor on termination of the benefits at September 2, 2015, contrary to IAS 19, *Employee Benefits*, which requires an actuarial valuation of an entity's obligation in respect of post-employment at the reporting or termination date. In the absence of a valuation, there is no basis for determining the financial effects of the adjustments which might have been determined to be necessary to the company's administration expenses, profit for the year and other comprehensive income, had the required actuarial valuation been performed.

Qualified Opinion

In our opinion, except for the effect of the matter described in the *Basis of Qualified Opinion* paragraph, the financial statements give a true and fair view of the financial position of the company as at March 31, 2016, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Repolting Standards and the Jamaican Companies Act.

Report on additional matters as required by the Jamaican Companies Act

Except as disclosed in the *Basis of Qualified Opinion*, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

KIMG Chartered Accountants Kingston, Jamaica

July 18, 2016

Statement of Financial Position March 31 2016

	Notes	2016	2015
CURRENT ASSETS			
Cash and cash equivalents	4	81,351,963	17,077,842
Investments	5	20,285,504	9,135,198
Accounts receivable	6	155,566,430	132,716,305
Current portion of long-term receivable	7	14,419,650	11,720, 109
Inventories		70,744,822	66,669,536
Income tax recoverable		9 019 995	<u>8 934 725</u>
Total current assets		351,388,364	246,253,715
NON-CURRENT ASSETS			
Long-te1m receivable	7	11,152,427	17,587,187
Employee benefits asset	8(a)	153,790,000	112,666,000
Intangible asset	9	6,525,097	7,830,065
Propeliy, plant and equipment	10	741,031,276	768,109,254
Total non-current assets		912,498,800	906, 192, 506
Total assets		\$1.263.887.164	1.152.446.221
CURRENT LIABILITIES			
Accounts payable and accrued charges	11	206,326,920	351,704,708
Government of Jamaica project advances	12	96,959,527	73,714,276
Taxation		39,738,616	
Total current liabilities		343,025,063	425,418,984
NON-CURRENT LIABILITIES			
Long-term liability	13	1,244,845	17,832,092
Deferred credit	14	305,281,934	341,303,533
Total non-current liabilities		306,526,779	359,135,625
Total liabilities		649,551,842	784 554 609
EQUITY			
Share capital	15	100	100
Capital reserve	16	408,130,161	408,130,161
Investment revaluation reserve	17	40,585	
Accumulated surplus/(deficit)		206,164,476	40,238,649)
Total equity		614,335,322	367,891,612
Total liabilities and equity		\$1,263,887,164	1,152,446,221

The financial statements on pages 3 to 38 were approved for issue by the Board of Directors on July 18,2016 and signed on its behalf $$:

Senator Aubyn Hill

Director

Robert Martin

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

Chairman

Statement of Profit or Loss and Other Comprehensive Income Year ended March 31, 2016

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
Operating revenue Water sales and drainage charges Government of Jamaica subsidy on behalf of farmers	18	648,040,308 853,621,723	605,755,612 629,449,695
		1,501,662,031	1,235,205,307
Cost of producing water and distributing it to farm gates		<u>(</u> 1,018,258,937)	(<u>1,083,856,0</u> 71)
Gross operating surplus		483,403,094	151,349,236
Amortisation of deferred credit	14	36,021,599	38,224,432
Other income	20	10,888,022	15,942,237
Administration expenses	19	(283,223,552)	(<u>282,676,048</u>)
Profit/(loss) before finance costs and taxation		247,089,163	(77,160,143)
Finance costs	21	(22,422)	(14,010)
Profit/(loss) before taxation		247,066,741	(77,174,153)
Taxation charge	22	(39,738,616)	
Profit/(loss)for the year	23	207,328,125	(<u>7</u> 7,174,153)
Other comprehensive income/(loss)			
Items that will never be reclassified to profit or loss Remeasurement of employee benefits asset Items that are or may be reclassified subsequently to profit or loss Increase in the fair value of available-for-sale	8(a)(vi)	39,075,000	(2,202,000)
investments		40,585	
Total other comprehensive income		39,115,585	(2,202,000)
Total comprehensive income/(loss) for the year		\$ <u>246,443,710</u>	(<u>7</u> 9,376,153)

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

Statement of Changes in Equity Year ended March 31, 2016

	Share capital (Note 15)	Capital reserve (Note 16)	Investment revaluation reserve	Accumulated surplus/(deficit)	<u>Total</u>
Balances at March 31, 2014	<u>100</u>	408,130,161		39,137,504	447,267,765
Loss for the year	-	-	-	(77,174,153)	(77,174,153)
Other comprehensive loss Remeasurement of employee benefits asset, being total other comprehensive loss	-	<u>-</u>	-	(2,202,000)	(<u>2</u> ,202,000)
Total comprehensive loss for the year				(<u>7</u> 9,376,153)	(<u>7</u> 9,376,153)
Balances at March 31, 2015	100	408,130,161		(<u>4</u> 0,238,649)	367,891,612
Profit for the year			<u> </u>	207,328,125	207,328,125
Other comprehensive income Remeasurement of employee benefits asset Increase in fair value of available-for- sale investments	- <u>-</u>	- 	- 40,585	39,075,000	39,075,000 40,585
Total other comprehensive income			40,585	39,075,000	39,115,585
Total comprehensive income for the year	r <u>-</u>		40,585	246,403,125	246,443,710
Balances at March 31, 2016	<u>\$</u> 100	408,130,161	<u>40,585</u>	206,164,476	614,335,322

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

Statement of Cash Flows Year ended March 31, 2016

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
Cash flows from operating activities Profit/(loss) for the year		207,328,125	(77,174,153)
Adjustments to reconcile profit/(loss) for the year		207,326,123	(77,174,133)
to net cash provided by operating activities:			
Depreciation	10	42,567,778	44,880,717
Amortisation of intangible asset	9	1,304,968	1,304,968
Asset written off	10	7,159,751	-
Loss on disposal of property, plant			
and equipment		8,584	18,333
Amortisation of deferred credit	14	(36,021,599)	(38,224,432)
Employee benefits		(2,049,000)	(4,513,000)
Taxation	22	39,738,616	-
Interest income		(630,000)	(695,659)
Foreign exchange gains on bank balances		(36,580)	(34,542)
D		259,370,643	(74,437,768)
Decrease/(increase) in current assets		(11 100 701)	(225 ((0)
Investments		(11,109,721)	(325,660)
Accounts receivable		(19,108,464)	(3,640,597)
Inventories		(4,075,286)	(2,938,812)
Income tax recoverable		(85,270)	(109,025)
(Decrease)/increase in current liabilities			
Accounts payable and accrued charges		(145,377,788)	57,054,001
Government of Jamaica project advances		23,245,251	<u>30,822,191</u>
* *			
Net cash provided by operating activities		102,859,365	6,424,330
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(22,658,135)	(31,563,232)
Proceeds from disposal of property, plant and equipme	nt	-	795,000
Interest received		623,558	708,934
Net cash used by investing activities		(<u>2</u> 2,034,577)	<u>(</u> 30,059,298)
Cash flows from financing activities			
Long-term liability		(16,587,247)	17,832,092
Deferred credit	14	-	2,344,825
Net cash (used)/provided by financing activi		(16,587,247)	20,176,917
Net increase/(decrease) in cash and cash equivalents		64,237,541	(3,458,051)
Effect of exchange rate fluctuations on cash held		36,580	34,542
_			
Cash and cash equivalents at beginning of the year		17,077,842	20,501,351
Cash and cash equivalents at end of the year		\$ <u>81,351,963</u>	<u>17,077,842</u>

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

Notes to the Financial Statements Year ended March 31, 2016

1. Identification

National Irrigation Commission Limited (company) is incorporated and domiciled in Jamaica, and is wholly-owned by the Government of Jamaica through the Accountant General. 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 Hounslow, Braco, Mid-Clarendon, Rio Cobre, Yallahs, Beacon/Little Park, Seven Rivers, Colbeck, St. Dorothy, New Forest and Yallahs IDB.
- (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 and basis of preparation

(a) Statement of compliance:

Except as indicated below the financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and comply with the provisions of the Jamaican Companies Act.

The financial statements are not in compliance with IFRS in the following significant respect:

IAS 19, *Employee Benefits:* No actuarial valuation was conducted in the prior year nor on revocation of the health insurance scheme to its retirees on September 2, 2015, contrary to IAS 19 which requires post-employment benefits to be actuarially valued [see note 8(b)]. Consequently, there has been no recognition or disclosures in the current year's financial statements of such amounts, as might have been determined to be necessary, had the required actuarial valuation been done.

New, revised and amended standards and interpretations that became effective during the year

Certain new, revised and amended standards and interpretations, which were issued, came into effect during the current financial year. The company has assessed them and has adopted those which are relevant to the financial statements, viz;

Notes to the Financial Statements (Continued) Year ended March 31, 2016

- 2. <u>Statement of compliance and basis of preparation (continued)</u>
 - (a) Statement of compliance (continued):

New, revised and amended standards and interpretations that became effective during the year (continued)

- Improvements to IFRS 2010-2012 and 2011-2013 cycles contain amendments to certain standards and interpretations. The main amendments applicable to the company are as follows:
 - IFRS 13, Fair Value Measurement, is amended to clarify that issuing of the standard and consequential amendments to IAS 39 and IFRS 9 did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.
 - IAS 24, Related Party Disclosures, has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognised as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the key management personnel services.
 - IAS 16, *Property, Plant and Equipment* and IAS 38, *Intangible Assets* have been amended to clarify that, at the date of revaluation:
 - (i) the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking account of accumulated impairment losses; or
 - (ii) the accumulated depreciation (amortisation) is eliminated against the gross carrying amount of the asset.
 - Amendments to IAS 19, *Defined Benefits Plans: Employee Contributions*, clarify the requirements that relate to how contributions from employees or third parties that are linked to services should be attributed to periods of services. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of services.

The adoption of these amendments did not result in any change to the presentation and disclosures in the financial statements.

Notes to the Financial Statements (Continued) Year ended March 31, 2016

- 2. <u>Statement of compliance and basis of preparation (continued)</u>
 - (a) Statement of compliance (continued):

New, revised and amended standards and interpretations that are not yet effective (continued)

At the date of approval of these financial statements, certain new, revised and amended standards and interpretations were in issue but were not yet effective and had not been early-adopted by the company. The company has assessed their relevance with respect to its operations and has concluded that the following may be relevant:

- *Improvements to* IFRS 2012-2014 cycle, contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2016. The main amendments applicable to the company is as follows:
 - IFRS 7, Financial Instruments: Disclosures, has been amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred assets in cases when they are derecognised in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset -e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred asset to the transferee is not, in itself, sufficient to be considered 'continuing involvement'.
 - IAS 19, *Employee Benefits*, has been amended to clarify that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid. Consequently, the depth of the market for high-quality corporate bonds should be assessed at the currency level and not the country level.

The company is assessing the impact that these amendments will have on its 2017 financial statements.

- Amendments to IAS 16 and IAS 38, Classification of Acceptable Methods of Depreciation and Amortisation are effective for accounting periods beginning on or after January 1, 2016.
 - (i) The amendment to IAS 16, *Property, Plant and Equipment* explicitly states that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.
 - (ii) The amendments to IAS 38, *Intangible Assets* introduce a rebuttal presumption that the use of revenue-based amortisation methods is inappropriate for intangible assets.

The company is assessing the impact that these amendments will have on its 2017 financial statements.

Notes to the Financial Statements (Continued) Year ended March 31, 2016

- 2. <u>Statement of compliance and basis of preparation (continued)</u>
 - (a) Statement of compliance (continued):

New, revised and amended standards and interpretations that are not yet effective (continued)

- IAS 1, *Presentation of Financial Statements*, effective for accounting periods beginning on or after January 1, 2016 has been amended to clarify or state the following:
 - specific single disclosures that are not material do not have to be presented even if they are a minimum requirement of a standard;
 - the order of notes to the financial statements is not prescribed;
 - line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Line items can be aggregated if they are not material;
 - specific criteria is now provided for presenting sub-totals on the statement of financial position and in the statement of profit or loss and OCI with additional reconciliation requirements for the statement of profit or loss and OCI; and
 - the presentation in the statement of OCI of items of OCI arising from joint ventures and associates are accounted for using the equity method follows IAS 1 approach of splitting items that may, or that will never, be classified to profit or loss.

The company is assessing the impact that these amendments will have on its 2017 financial statements.

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

The company is assessing the impact that these amendments will have on its 2017 financial statements.

- Amendments to IAS 12, *Income Taxes*, effective for accounting periods beginning on or after January 1, 2017, clarifies the following:
 - The existence of deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.
 - A deferred tax asset can be recognised if the future bottom line of the tax return is expected to be a loss, if certain conditions are met.
 - Future taxable profits used to establish whether a deferred tax can be recognised should be the amount calculated before the effect of reversing temporary differences.
 - amount if there is sufficient evidence that it is probable that the entity will achieve this.
 - An entity can assume that it will recover an asset for more than its carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.

Notes to the Financial Statements (Continued) Year ended March 31, 2016

- 2. <u>Statement of compliance and basis of preparation (continued)</u>
 - (a) Statement of compliance (continued):

New, revised and amended standards and interpretations that are not yet effective (continued)

- Amendments to IAS 12, *Income Taxes (continued)*
 - Deductible temporary differences related to unrealised losses should be assessed on a combined basis for recognition unless a tax law restricts the use of losses to deductions against income of a specific type.

The company is assessing the impact that these amendments will have on its 2018 financial statements.

• IFRS 15, Revenue From Contracts With Customers, effective for accounting periods beginning on or after January 1, 2018, replaces IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programmes, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfer of Assets from Customers and SIC 31, Revenue – Barter Transactions Involving Advertising Services. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties.

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

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

The company is assessing the impact that his standards will have on its 2019 financial statements.

• IFRS 9, Financial Instruments, which is effective for annual reporting periods beginning on or after January 1, 2019, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value though profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different.

Notes to the Financial Statements (Continued) Year ended March 31, 2016

- 2. Statement of compliance and basis of preparation (continued)
 - (a) Statement of compliance (continued):

New, revised and amended standards and interpretations that are not yet effective (continued)

• IFRS 9, Financial Instruments, (continued)

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

The company is assessing the impact that these amendments will have on its 2017 financial statements.

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

Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases. Finance lease accounting will be based on IAS 17, Lease Accounting, with recognition of net investment in lease comprising lease receivable and residual asset. Operating lease accounting will be based on IAS 19, Operating Lease Accounting.

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

The company is assessing the impact that the standards will have on its 2020 financial statements.

(b) Basis of preparation:

The financial statements are prepared on the historical cost basis except for available-for-sale investments carried at fair value and are presented in Jamaica dollars which is the functional currency of the company.

The preparation of the financial statements in accordance with IFRS assumes that the company will continue in operational existence for the foreseeable future. This means, in part, that the statements of profit or loss and other comprehensive income and financial position assume no intention or necessity to liquidate the company or curtail the scale of operations. This is commonly referred to as the going concern basis.

Notes to the Financial Statements (Continued) Year ended March 31, 2016

2. Statement of compliance and basis of preparation (continued)

(c) Accounting estimates and judgements:

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 reporting date and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the 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.

Key sources of estimation uncertainty

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:

• Pension and other post-employment benefits

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

The discount rate is determined based on the estimate of yield on long-term Government securities that have maturity dates approximating the terms of the 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 loss assumptions would impact the amounts recorded in the financial statements for these obligations.

• Allowance for impairment losses

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.

• Determination of fair value of investments

When determining the fair value of investments, the company uses valuation techniques that maximise the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a unit.

Notes to the Financial Statements (Continued) Year ended March 31, 2016

3. <u>Significant accounting policies</u>

(a) Financial instruments: - classification, recognition and de-recognition, and measurement:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In these financial statements, financial assets have been determined to comprise cash, resale agreements, accounts receivable and long-term receivables. Financial liabilities comprise accounts payable and Government of Jamaica project advances.

Financial instruments are classified, recognised and measured in accordance with the substance of the terms of the contracts as set out herein.

(i) Classification of financial instruments

The company classifies non-derivative financial assets as *loans and receivables*. Management determines the appropriate classification of investments at the time of purchase. Securities acquired and loans granted with fixed or determinable payments and which are not quoted in an active market, are classified as loans and receivables.

The company classifies non-derivative financial liabilities into the other financial liabilities category.

(ii) Non-derivative financial assets and financial liabilities – recognition and derecognition The company recognises a financial instrument when it becomes a party to the contractual terms of the instrument.

The company initially recognises loans and receivables and debt securities on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers not retains all or substantially all the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the company is recognised as a separate asset or liability.

The company derecognises a financial liability when its contractual obligations expire or are discharged or cancelled.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company has the legal right to offset the amounts and intends either to settle them on a net basis, or to realise the assets and settle the liabilities simultaneously.

Notes to the Financial Statements (Continued) Year ended March 31, 2016

3. <u>Significant accounting policies (continued)</u>

- (a) Financial instruments: classification, recognition and de-recognition, and measurement (continued):
 - (iii) Non-derivative financial assets measurement

Loans and receivables: On initial recognition loans and receivables are measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost, using the effective interest method, less impairment losses.

(b) Cash and cash equivalents:

Cash comprises cash in hand and demand and call deposits with banks. Cash equivalents are short-term, highly liquid investments where original maturities do not exceed three months, 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. Cash and cash equivalents are measured at amortised cost.

(c) Investments:

Investments consist of resale agreements and units held in NCB Capital Markets CAPFunds.

(i) 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 at amortised cost less impairment. The difference between the purchase and resale considerations is recognized on the accrual basis over the period of the engagement, using the effective yield method.

- (ii) Units held in NCB Markets CAP Funds are classified as available-for-sale and are carried at fair value. Changes in the fair value are included in the investment revaluation reserve.
- (d) 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)].

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied in the part will flow to the company and its cost can be reliably measured.

Notes to the Financial Statements (Continued) Year ended March 31, 2016

3. Significant accounting policies (continued)

(d) Property, plant and equipment and depreciation (continued):

(ii) Depreciation

Property, plant and equipment with the exception of capital work-in-progress 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 equipment20%Motor vehicles20%Machinery and equipment2½%

The depreciation rates, useful lives and residual values are reassessed at each reporting date.

(e) 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 profit or loss.

(f) Inventories:

Inventories are carried at the lower of cost or net realisable value determined on the first-infirst-out basis, and valuation, being substantially salvage values determined by professional valuators.

(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 pension; and other long-term employee benefits such as termination benefits.

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

Notes to the Financial Statements (Continued) Year ended March 31, 2016

3. Significant accounting policies (continued)

(g) Employee benefits (continued):

Post-employment benefits, comprising pension and health care benefit 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 valuation is 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.

(i) Defined benefit pension plan

The company's net obligation in respect of the 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 reporting 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 changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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

(ii) Post-retirement health care benefits

As of April 1, 2014, the company provides health care benefits to employees upon retirement. The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for the defined-benefit pension plan and the present value of future benefits at the reporting date is shown as an obligation on the statement of financial position. An actuarial valuation was not completed as at March 31, 2015 nor on September 2, 2015, when the post – retirement health care benefits to pensioners was revoked.

Notes to the Financial Statements (Continued) Year ended March 31, 2016

3. <u>Significant accounting policies (continued)</u>

(g) Employee benefits (continued):

(iii) Other long-term employee benefits

The company's net obligation in respect of long-term employee benefits is the amount of future benefits that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

(iv) Termination benefits

Termination benefits are expected at the earlier of when the company can no longer withdraw the offer of those benefits and when the company recognises cost for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

(h) Impairment:

The carrying amounts of the company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at each reporting 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 profit or loss.

(i) Calculation of recoverable amount

The recoverable amount of the company's 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 fair value less costs to sell 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 receivables 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.

Notes to the Financial Statements (Continued) Year ended March 31, 2016

3. <u>Significant accounting policies (continued)</u>

(i) Taxation:

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

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

Deferred tax is provided 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 reporting 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.

(i) Accounts receivable:

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

(k) Intangible asset:

Intangible asset, which represents computer software costs, is measured at cost less accumulated amortisation and, if any, impairment losses. It is being amortised on the straight-line basis at annual rates estimated to write down the assets over their expected useful lives, not exceeding a period of ten years. Costs associated with maintaining computer software programs are recognised as expenses as incurred.

(1) Accounts payable and accrued charges:

Accounts payable and accrued charges are measured at their cost.

(m) Foreign currencies:

Foreign currency balances at the reporting date are translated at the rates of exchange ruling on that date.

Transactions in foreign currencies are converted at the rates of exchange ruling at the dates of those transactions.

Gains and losses arising from fluctuations in exchange rates are included in profit or loss.

(n) Related parties:

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

Notes to the Financial Statements (Continued) Year ended March 31, 2016

3. Significant accounting policies (continued)

- (n) Related parties (continued):
 - (A) A person or a close member of that person's family is related to the company if that person:
 - i) has control or joint control over the company;
 - ii) has significant influence over the company; or
 - iii) is a member of the key management personnel of the company or of a parent of the company.
 - (B) An entity is related to a company if any of the following conditions applies:
 - i) the entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - iii) both entities are joint ventures of the same third party.
 - iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v) the entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company.
 - vi) the entity is controlled, or jointly controlled by a person identified in (A).
 - vii) a person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the company or to the parent of the company.

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

(o) Revenue recognition:

Revenue from water sales and drainage services is recognised in profit or loss when water is delivered to the customer, drainage services are rendered and the amounts can be reliably measured.

Government subsidy and other funding are recognised when received.

(p) Interest income and expense:

Interest income and expense are recognised in profit or loss on the accrual basis, using the effective interest method.

Notes to the Financial Statements (Continued) Year ended March 31, 2016

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4.	<u>Cash and Cash equivalents</u>	<u>2016</u>	<u>2015</u>
	Cash Bank balances	109,315 81,242,648	121,994 16,955,848
		\$ <u>81,351,963</u>	17,077,842
5.	<u>Investments</u>	<u>2016</u>	<u>2015</u>
	Loans and receivables Resale agreements Available-for-sale carried at fair value	18,993,939	9,135,198
	Units held in NCB Capital Markets CAP Funds	<u>1,291,565</u>	
		\$ <u>20,285,504</u>	9,135,198

At the reporting date, the fair value of underlying securities used as collateral for resale agreements was \$19,967,903 (2015: \$9,135,198).

6. Accounts receivable

	<u>2016</u>	<u>2015</u>
Trade receivables for water sales and drainage charges		
[note 26(b)(ii)]	148,901,675	118,044,527
Staff loans	22,563,266	22,568,765
Other receivable	24,729,871	21,568,466
	196,194,812	162,181,758
Provision for probable losses	(<u>4</u> 0,628,382)	(<u>2</u> 9,465,453)
	\$ <u>155,566,430</u>	132,716,305

The aging of trade receivables at the reporting date was:

	20	016		2015		
	Gross	Impairment allowance	Gross	Impairment <u>allowance</u>		
Not past due	48,295,511	67,149	47,019,893	818,958		
Past due 1-30 days	34,235,945	72,260	30,394,791	457,065		
Past due31-60 days	16,649,149	312,454	5,660,019	751,840		
Past due 61-90 days	4,520,425	152,296	1,884,842	543,126		
More than 90 days	45,200,645	40,024,223	33,084,982	26,894,464		
	\$ <u>148,901,675</u>	40,628,382	118,044,527	29,465,453		

Notes to the Financial Statements (Continued) Year ended March 31, 2016

6. Accounts receivable (continued)

The aging of trade receivables at the reporting date was (continued):

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

		<u>2016</u>	<u>2015</u>
	Balance as at April 1 Amounts written back Provision recognised	29,465,453 (14,147,902) <u>25,310,831</u>	24,049,914 (3,627,035) <u>9,042,574</u>
	Balance as at March 31	<u>\$</u> 40,628,382	<u>29,465,453</u>
7.	Long-term receivables	<u>2016</u>	<u>2015</u>
	Refundable utility deposits	2,575,379	2,575,379
	Employee loans	22,996,698 25,572,077	26,731,917 29,307,296
	Less: Current portion	<u>(</u> 14,419,650)	<u>(</u> 11,720,109)
		\$ <u>11,152,427</u>	17,587,187

Employee loans are for the purchase of motor vehicles. The loans are repayable over 4-8 years. The interest rate on motor vehicle loans is 0%. The loans are measured at commercial bank interest rate and are secured by the respective motor vehicles [see note 26(b)(iii)] on which the loans are outstanding.

8. <u>Employee benefits asset</u>

The company sponsors a defined-benefit 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.

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

(a) Pension asset:

(i) The amounts recognised in the statement of financial position are determined as follows:

	<u>2016</u>	<u>2015</u>
Present value of funded obligation Fair value of plan assets	(980,933,000) 1,134,723,000	(857,595,000) 970,261,000
Asset in the statement of financial position	\$ 153,790,000	112,666,000

Notes to the Financial Statements (Continued) Year ended March 31, 2016

8. <u>Employee benefits asset (continued)</u>

(a) Pension asset (continued):

(ii) Movement in the amounts recognised in the statement of financial position:

				<u>2016</u>	<u>2015</u>
	Cont Pens Reme	nce at beginning of year ributions paid ion expense recognised in profit or loss easurement recognised in other comprehensive come	(112,666,000 17,443,000 15,394,000) 39,075,000	110,355,000 18,532,000 (14,019,000) (<u>2,</u> 202,000)
	Bala	nce at end of year	\$	153,790,000	112,666,000
(iii)	Mov	ement in the present value of obligation:		<u>2016</u>	<u>2015</u>
Balance at beginning of year Service costs Interest on obligation Employees' contributions Benefits paid Annuities purchased Actuarial (gains)/losses arising from Changes in financial assumption Experience adjustments Balance at end of year		ice costs est on obligation loyees' contributions efits paid uities purchased arial (gains)/losses arising from: hanges in financial assumptions experience adjustments nce at end of year	((_ \$	857,595,000 27,773,000 79,814,000 18,656,000 35,708,000) - 68,774,000 35,971,000) 980,933,000	767,662,000 26,279,000 70,649,000 19,738,000 (71,248,000) 32,223,000 - 12,292,000 857,595,000
(iv)	(1)	Movement in fair value of plan assets: Fair value of plan assets at beginning of year Employees' contributions Employer's contributions Interest income on plan assets Benefits paid Annuities purchased Actuarial gains arising from: Change in financial assumptions Experience adjustments Fair value of plan assets at end of year	(<u>-</u> <u>\$</u> 1	2016 970,261,000 18,656,000 17,443,000 92,193,000 35,708,000) - 4,003,000 67,875,000 ,134,723,000	2015 878,017,000 19,738,000 18,532,000 82,909,000 (71,248,000) 32,223,000 - 10,090,000 970,261,000

Notes to the Financial Statements (Continued) Year ended March 31, 2016

Employee benefits asset (continued)

(a) Pension asset (continued):

(iv) (Continued)

	(2) Plan assets consist of the following:				
		· ·	<u>2016</u>	<u>2015</u>	
		International equity fund	67,150,000	64,865,000	
		Global markets fund	24,697,000	18,008,000	
		Equity fund	204,207,000	132,357,000	
		Fixed income fund	41,841,000	54,075,000	
		Mortgage and real estate fund	220,331,000	156,423,000	
		Money market fund	54,700,000	51,189,000	
		Foreign currency fund	281,052,000	273,121,000	
		Un-invested contributions (late deposit)	2,776,000	(7,108,000)	
		Value of purchased annuities	111,424,000	110,387,000	
		CPI indexed fund	126,545,000	116,944,000	
			\$1,134,723,000	970,261,000	
(v)	Expe	ense recognised in profit/(loss):			
			<u>2016</u>	<u>2015</u>	
	Curr	ent service costs	27,773,000	26,279,000	
	Inter	est on obligation	79,814,000	70,649,000	
	Inter	est income on plan assets	(<u>9</u> 2,193,000)	(<u>8</u> 2,909,000)	
	Net p	pension expense included in staff costs (note 24)	\$ <u>15,394,000</u>	14,019,000	
(vi)	Amo	ounts recognised in other comprehensive income:			
()			<u>2016</u>	<u>2015</u>	
	Ехре	erience adjustments	(103,846,000)	12,292,000	
		nge in demographic assumptions	-	(10,090,000)	
	Change in financial assumptions		64,771,000		
			\$(<u>3</u> 9,075,000)	2,202,000	

- (vii) As mortality continues to improve, estimates of life expectancy are expected to increase. The effect on the projected employee benefit asset of an increase of one year in the life expectancy is approximately \$15.78 million.
- (viii) Sensitivity analysis on projected employee benefits asset:

The calculation of the projected benefits asset is sensitive to the assumptions used. The table below summarizes how the projected employee benefit obligation measured at the end of the reporting period would have increased/(decreased) as a result of a change in the respective assumptions by one percentage point. In preparing the analyses for each assumption, all others were held constant. The economic assumptions are somewhat linked as they are all related to inflation. Hence, for example, a 1% reduction in the long-term discount rate would cause some reduction in the medical trend rate.

Notes to the Financial Statements (Continued) Year ended March 31, 2016

8. <u>Employee benefits asset (continued)</u>

(a) Pension asset (continued):

(viii) Sensitivity analysis on projected employee benefit asset (continued):

		20	16	2015		
		1% 1%		1%	1%	
		<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	
	Discount rate	157,479,000	(122,322,000)	144,624,000	(113,903,000)	
	Future salary increases	(57,326,000)	65,736,000	(55,129,000)	63,338,000	
	Future pension increases	(82,290,000)	95,464,000	(<u>6</u> 7,751,000)	78,419,000	
		\$ <u>17,863,000</u>	38,878,000	21,744,000	27,854,000	
(ix)	Liability duration:					
	•			<u>2016</u>	<u>2015</u>	
	Active members and all	l participants		32 years	34 years	
(x)	The principal actuarial follows:	l assumptions (e	xpressed as weig	thted averages) u	ised were as	
				<u>2016</u>	<u>2015</u>	
	Discount rate			9.0%	9.5%	
	Future salary increases			5.5%	6.0%	
	Future pension increase	es		4.0%	<u>4.0%</u>	

⁽xi) The company expects to pay \$34,133,000 in contributions to the plan in 2016/2017 (2015/2016: \$35,588,000).

(b) Post-retirement medical benefit:

In the prior year, an offer was extended to pensioners to participate in the company's health insurance scheme which was revoked on September 2, 2015. IFRS requires that the amount for post – employment benefits be actuarially-determined by a qualified independent actuary appointed by Management. An actuarial valuation was not completed as at March 31, 2015 nor on termination of the plan and the IAS 19 disclosure requirements have not been met.

9. <u>Intangible asset</u>

	Compute	er software
	<u>2016</u>	<u>2015</u>
Cost	13,049,961	13,049,961
Amortisation		
At beginning of year	5,219,896	3,914,928
Charge for the year	1,304,968	1,304,968
At end of year	6,524,864	5,219,896
Net book value	\$ <u>6,525,097</u>	7,830,065

Notes to the Financial Statements (Continued) Year ended March 31, 2016

10. Property, plant and equipment

	Building & leasehold improvements	Utility plant	Furniture, fixtures & equipment	Motor vehicles	Machinery and equipment	Capital work-in- progress	<u>Total</u>
Cost							
March 31, 2014 Additions Disposals	99,116,068	1,711,598,502 - -	103,992,756 7,450,377 (<u>759,2</u> 98)	28,712,421 (<u>950,0</u> 00)	21,096,677	69,961,237 24,112,855	2,034,477,661 31,563,232 (<u>1,709,2</u> 98)
March 31, 2015 Additions Disposals Reclassification	99,116,068 948,500 - 4,041,735	1,711,598,502 9,490,455	110,683,835 5,891,145 (142,568)	27,762,421	21,096,677	94,074,092 6,328,035 - (4,041,735	2,064,331,595 22,658,135 (142,568)
Written off					<u>-</u>	(7 ,159,751)	(7,159,751)
March 31, 2016	104,106,303	1,721,088,957	116,432,412	27,762,421	21,096,677	89,200,641	2,079,687,411
Depreciation							
March 31, 2014	19,624,367	1,133,612,841	76,514,933	18,322,841	4,162,607	-	1,252,237,589
Charge for the year Eliminated on	2,392,153	32,247,553	6,757,061	2,956,883	527,067	-	44,880,717
disposals			(484,298)	(<u>411,6</u> 67)			(895,965)
March 31, 2015	22,016,520	1,165,860,394	82,787,696	20,868,057	4,689,674	-	1,296,222,341
Charge for the year Eliminated on	2,468,778	29,654,496	6,960,554	2,956,883	527,067	-	42,567,778
disposals			(133,984)				(133,984)
March 31, 2016	24,485,298	1,195,514,890	89,614,266	23,824,940	5,216,741		1,338,656,135
Net book values							
March 31, 2016	\$ <u>79,621,005</u>	525,574,067	26,818,146	3,937,481	15,879,936	89,200,641	741,031,276
March 31, 2015	\$ 77,099,548	545,738,108	27,896,139	6,894,364	16,407,003	94,074,092	768,109,254
March 31, 2014	\$ <u>79,491,701</u>	577,985,661	27,477,823	10,389,580	16,934,070	69,961,237	782,240,072

- (i) Included in building and leasehold improvements are leasehold improvements with net book value of \$52,606,089 (2015: \$54,428,525).
- (ii) Capital work-in-progress represents internal projects, relating to lining of canals, construction of building and other construction works, funded by the Government of Jamaica, which are undertaken and managed by the company. The cost to complete the projects has not been quantified to date. There are currently no contractual commitments related to completion of these projects, as they are being carried out by the company as, and when, funds become available.

Notes to the Financial Statements (Continued) Year ended March 31, 2016

11. Accounts payable and accrued charges

	<u>2016</u>	<u>2015</u>
Customer deposits	15,342,140	13,428,243
Trade payables	106,043,295	279,329,747
Accrued vacation leave (note 13)	34,706,204	20,080,899
Provision for litigation settlement	3,811,228	4,484,256
Other accruals	25,693,632	28,483,602
Other payables	20,730,421	5,897,961
	\$206,326,920	351,704,708

12. Government of Jamaica project advances

This balance represents the net unspent portion of funds received from the Government of Jamaica (GOJ) and its agencies for the following projects:

<u>2016</u>	<u>2015</u>
42,705,225	46,394,709
11,842,453	18,182,307
(11,000)	(11,000)
38,164,064	4,889,475
4,258,785	4,258,785
\$ <u>96,959,527</u>	<u>73,714,276</u>
	42,705,225 11,842,453 (11,000) 38,164,064 4,258,785

13. <u>Long-term liability</u>

	<u>2016</u>	<u>2015</u>
Unused vacation leave	35,951,049	37,912,991
Current portion (see note 11)	<u>(</u> 34,706,204)	<u>(</u> 20,080,899)
	\$ <u>1,244,845</u>	<u>17,832,092</u>

Notes to the Financial Statements (Continued) Year ended March 31, 2016

14. <u>Deferred credit</u>

	Balance at March 31, 2014	Movement during the year	Balance at March 31, 2015	Movement during the year	Balance at March 31, 2016
Grant for acquisition of properly, plant					
and equipment (net of disposals)	281,980,189	12,518,704	294,498,893	-	294,498,893
Property, plant and equipment gifted					
by Agro 21 Corp., net, in 1991	1,198,152	-	1,198,152	-	1,198,152
Property, plant and equipment gifted					
by Ministry of Agriculture	1,203,061	-	1,203,061	-	1,203,061
Property, plant and equipment					
transferred from NIDP Project	1,896,725	-	1,896,725	-	1,896,725
Property, plant and equipment, other					
than utility plant, gifted by district					
irrigation authorities	3,520,295	-	3,520,295	-	3,520,295
Utility plant acquired under CDB/IDB project and utility plant of previously unrecorded irrigation authorities capitalised					
during 1991	141,941,917	-	141,941,917	-	141,941,917
Utility plant acquired out of					
project funds	591,096,098	-	591,096,098	-	591,096,098
Revaluation surplus on inventories	1,233,211	-	1,233,211	-	1,233,211
Irrigation pipes gifted by					
Chinese Government	41,993,367	-	41,993,367	-	41,993,367
Computers funded by the NIDP Project	14,546,237	-	14,546,237	-	14,546,237
Global Postioning System (GPS) units					
funded by the NIDP Project	854,367	-	854,367	-	854,367
Motor vehicle acquired out of NIDP					
project funds	2,945,000	-	2,945,000	-	2,945,000
Motor vehicle gifted by the Ministry of					
Agriculture and Fisheries	950,000	-	950,000	-	950,000
Customer Relationship Management					
System (CRMS) funded by the NIDP	13,049,961	-	13,049,961	-	13,049,961
Expenditure on contracts-in-progress					
(net of amounts expensed out of					
GOJ project advances) (note 12)	43,274,197	(10,173,879)	33,100,318		33,100,318
	1,141,682,777	2,344,825	1,144,027,602	-	1,144,027,602
Amortisation transferred to profit or loss	(<u>764,499,6</u> 37)	<u>(</u> 38,224,432)	(<u>8</u> 02,724,069)	<u>(</u> 36,021,599)	(<u>8</u> 38,745,668)
	\$ 377,183,140	<u>(</u> 35,879,607)	341,303,533	<u>(</u> 36,021,599)	305,281,934

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.

15. Share capital

	<u>2016</u>	<u>2015</u>
Authorised, issued and fully-paid:		
100 ordinary shares at no par value	<u>\$</u> 100	<u>100</u>

16. <u>Capital reserve</u>

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.

17. <u>Investment revaluation reserve</u>

This represents the increase in the fair value of investments classified as available-for-sale.

Notes to the Financial Statements (Continued) Year ended March 31, 2016

18. Government of Jamaica subsidy on behalf of farmers

The purpose of this subsidy 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, the company estimated that the subsidy would need to be \$846.5 million (2015: \$721.4 million) in order for the company to deliver irrigation water as required by farmers, in the context of the schemes mentioned in note 1(a). Following the extended summer drought, \$853.622 million (2015: \$629.449 million) was approved by Parliament and paid to the company.

19. Expenses by nature

	<u>2016</u>	<u>2015</u>
Amortisation of intangible assets	1,304,968	1,304,968
Advertising and public relations	4,095,545	3,084,007
Advisory committee fees and related expenses	2,187,194	2,486,473
Bad debts, net of recoveries	11,162,929	5,415,539
Bank charges	685,834	654,745
Computer expenses	6,711,086	4,900,346
Depreciation	42,567,778	44,880,717
Directors' expenses	7,956,503	9,741,843
Electricity	461,865,786	493,841,926
Equipment hireage	2,488,750	4,017,250
Fuel and lubricants	4,941,022	5,915,685
General Consumption Tax (GCT)	5,194,557	16,600,743
General expenses	2,778,786	2,036,464
Haulage	4,173,238	5,272,126
Insurance	10,481,013	9,717,298
Interest on concessionary loans	2,309,545	5,062,925
Loss on disposal of property, plant and equipment	8,584	18,333
Maintenance of conveyance system (labour)	47,734,554	65,005,511
Motor vehicle fuel, repairs and maintenance	15,207,735	19,609,631
Office maintenance, rental and property taxes	3,718,409	3,623,010
Office refreshments	3,215,309	2,570,775
Office utilities	12,610,997	16,058,604
Other expenses	290,537	239,720
Professional fees	14,520,597	10,660,771
Regulatory fees	867,647	882,220
Repairs to buildings, distribution canals, pipelines and pumps,	41 707 424	29 504 960
Calculation and a state of a section	41,787,424	38,594,869
Salaries, wages and related costs	554,153,607	557,828,386
Security	20,054,382	18,491,526
Special projects expenses	1,798,235	2,499,816
Stationery Subscriptions	3,551,335	3,522,678
and donations Telephone,	278,166	637,714
postage, data, etc.	10,780,437	11,355,499
	<u>\$</u> 1,301,482,489	1,366,532,119

$\underline{NATIONAL\,IRRIGATION\,COMMISSION\,LIMITED}$

Notes to the Financial Statements (Continued) Year ended March 31, 2016

20. Other income

	Ein o		<u>2016</u>	<u>2015</u>
		nce income: nvestments and cash and cash equivalents	347,371	404,565
		Other	282,629	291,094
		ortisation of interest on concessionary loans nange gains	3,643,365 36,580	3,068,784 34,542
		ice fees	3,655,135	2,980,241
	Miso	cellaneous	2,922,942	9,163,011
			<u>\$</u> 10,888,022	15,942,237
21.	Fina	nce costs		
21.	<u>1 1114</u>	nee costs	<u>2016</u>	<u>2015</u>
	Inte	rest on bank overdraft	\$\$22,422	14,010
22.	Taxa	ation		
			1. 61	1 1.6
	(a)	The provision for income tax is computed at 33½% of the rax purposes, and is made up as follows:	results for the year,	as adjusted for
		tan parposes, and is made up as 19116 his	<u>2016</u>	<u>2015</u>
		(i) Current tax charge:		
		Provision for charge on current year's profits, being actual tax charge recognised	<u>\$</u> 39,738,616	
	(b)	The actual taxation charge differs from the "expected" tax c	harge for the year	as follows:
			<u>2016</u>	<u>2015</u>
		(Profit)/loss before taxation	\$ <u>247,066,741</u>	(77,174,153)
		Computed "expected" tax charge/(credit)	82,355,580	(25,722,145)
		Tax effect of treating items differently for financial statements and tax reporting purposes -		
		Depreciation, amortisation and capital allowances	10,723,421	10,680,105
		Foreign exchange gain, capital	(12,192)	(11,513)
		Amortisation of deferred credits	(12,005,999)	(12,740,203)
		Expenses not allowed for tax purposes	133,545	38,998
		Loss on disposal of property, plant and	2 961	6 111
		equipment Interest on concessionary loans	2,861 (444,562)	6,111 (1,687,473)
		Tax losses	(39,706,973)	30,660,715
		Other	(<u>1</u> ,307,065)	$(\underline{1},224,595)$
		Actual tax charge recognised	<u>\$</u> 39,738,616	

Notes to the Financial Statements (Continued) Year ended March 31, 2016

22. <u>Taxation (continued)</u>

- (c) At March 31, 2016, taxation losses amounting to approximately \$244,000,000 (2015: \$363,000,000) are available for set-off against future taxable profits, subject to agreement by the Commissioner General, Tax Administration Jamaica. As at January 1, 2014, tax losses may be carried forward indefinitely; however, the amount that can be utilised in any one year is restricted to 50% of the current year's taxable profits.
- (d) Deferred tax asset of approximately \$54,313,000 (2015: \$104,976,000) in respect of taxation losses and temporary differences has not been recognised in the financial statements, due to the uncertainty that future profits will be generated within the foreseeable future against which the asset can be realised.

23. Profit/(loss) for the year

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

	<u>2016</u>	<u>2015</u>
	\$	\$
Directors' emoluments [note 25(c)]:		
Fees	1,975,719	2,446,630
Travel	2,368,102	2,883,928
Auditors' remuneration - current year	2,316,600	2,216,400
- prior year	500,000	-
Depreciation	42,567,778	44,880,717

24. Employee numbers and costs

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

	<u>2016</u>	<u>2015</u>
Full-time	141	164
Part-time	28	18
Other	<u>26</u>	<u>12</u>
	<u>195</u>	<u>194</u>
The aggregate payroll costs for these persons were as follows:		
	<u>2016</u>	<u>2015</u>
Salaries	369,290,480	372,549,531
Statutory payroll contributions	16,160,493	16,485,402
Pension benefit cost (net of contribution) [note 8(a)(v)]	15,394,000	14,019,000
Travel and subsistence	112,612,993	113,779,191
Gratuities	2,748,751	8,695,291
Training	5,066,484	4,643,295
Accrued vacation leave	(1,935,897)	(6,903,603)
Insurance scheme	31,105,054	29,683,657
Staff welfare	3,711,249	4,876,622
	\$ <u>554,153,607</u>	557,828,386

Notes to the Financial Statements (Continued) Year ended March 31, 2016

25. Related party balances and transactions

Identity of related parties:

- (a) The company has a related party relationship with its associates and key management personnel, comprising directors and certain senior executives.
- (b) In addition to those stated thereon, the statement of financial position includes balances, arising in the ordinary course of business, with related parties as follows:

	<u>2016</u>	<u>2015</u>
	\$	\$
Accounts receivable:		
Directors	1,411,986	1,024,347
Long-term receivables:		
Employee loans - key management personnel	<u>3,420,833</u>	<u>2,033,333</u>

(c) The statement of profit or loss and other comprehensive income includes transactions with key management personnel in the ordinary course of business, as follows:

	<u>2016</u>	<u>2015</u>
	\$	\$
Compensation paid to key management personnel:		
Directors' emoluments (note 23)	4,343,821	5,330,558
Salaries to other key management personnel	34,129,604	26,831,283
Post-employment benefits	665,000	485,000
	<u>39,138,425</u>	32,646,841
Interest income from key management personnel	301,190	157,113

26. Financial risk management

(a) Overview:

The company has exposure to the following risks from its use of financial instruments and its operations:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

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

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The Board has established the Audit and Risk Management Committee, which is responsible for developing and monitoring the company's risk management policies. The committee reports bi-monthly to the Board of Directors on its activities.

Notes to the Financial Statements (Continued) Year ended March 31, 2016

26. <u>Financial risk management (continued)</u>

(a) Overview (continued):

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and Risk Management Committee oversees management's monitoring of compliance with the company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the company. The Audit and Risk Management Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and *ad hoc* reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Management Committee.

(b) Credit risk:

Credit risk is the risk of financial loss to the company, if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from cash and cash equivalents, resale agreements, trade receivables and long-term motor vehicle loans to employees.

(i) Cash and cash equivalents and resale agreements

Cash and cash equivalents and resale agreements are held with financial institutions which the company regards as strong.

The company limits its exposure to credit risk by investing only in liquid securities that are backed by the Government of Jamaica through established counterparties that are licensed under the Financial Institutions Act and registered with the Financial Services Commission. Consequently, management does not expect any counterparties to fail to meet their obligations. Collateral is held for resale agreements.

(ii) Trade receivable

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The company has a policy under which each customer is analysed before being contracted for the supply of services. Contracted customers are required to make a refundable security deposit that is based on three months projected consumption with regard to the customer's holdings. Customers that fail to meet the company's benchmark for the supply of services may transact with the company on a prepayment basis.

Credit risk is concentrated in the ten largest customers who hold more than 50 percent of the company's trade receivables.

The Director of Commercial Operations has overall responsibility for ensuring the timely collection of outstanding receivables. The Commercial Department reports on the status of collections and receivables to the Finance and Performance Management Committee monthly.

Notes to the Financial Statements (Continued) Year ended March 31, 2016

26. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Trade receivable (continued)

Allowances for impairment

The company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables based on pre-determined criteria. The main component of this allowance is a specific loss component that relates to individual exposures.

The allowance account in respect of trade receivables is used to record impairment losses, unless the company is satisfied that no recovery of the amount owing is possible; at that point, management obtains permission from the Minister of Agriculture and Fisheries to write off the amounts against the receivable balance directly.

Exposure to credit risk

The maximum exposure to credit risk for trade receivable at the reporting date by geographic region was:

	Carrying	<u>Carrying amount</u>	
	<u>2016</u>	<u>2015</u>	
St. Thomas	2,788,824	1,468,809	
St. Catherine	79,828,968	65,024,112	
Clarendon	31,245,681	24,370,515	
St. Elizabeth	31,217,806	25,351,793	
Trelawny	3,357,958	1,403,164	
St. James	462,438	426,134	
	\$ <u>148,901,675</u>	118,044,527	

(iii) Long-term receivable

The company grants loans to its employees to facilitate the purchase of motor vehicles. Loans are repayable over a period of 4-8 years; however, the repayment period may not exceed the expected remaining years to retirement of individual employees. Management does not expect any counterparty to fail to meet his/her obligations.

Collateral held against financial assets

Loans granted are secured by the registration of a lien on the motor vehicles acquired as well as a bill of sale. Estimates of the fair values are based on the sum insured of the collateral, at each reporting date. The fair value of these collateral as at March 31, 2016 was \$44,880,000 (2015: \$83,591,900).

There has been no change to the company's exposure to credit risk or the manner in which it measures and manages this risk.

Notes to the Financial Statements (Continued) Year ended March 31, 2016

26. <u>Financial risk management (continued)</u>

(c) Liquidity risk:

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

Typically, the company ensures that it has sufficient cash on demand to meet expected operational expenses.

The contractual outflow for accounts payable and accrued charges is represented by its carrying amount and may require settlement within 12 months of the reporting date. Government of Jamaica project advances represents the amounts remaining from Government grants and multilateral financing received to finance the company's capital budget as well as to undertake specific NIDP projects. Funds are received from the Government and multilateral agencies based on an approved budget.

There has been no change to the company's exposure to liquidity risk or the manner in which it measures and manages the risk.

(d) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Currency risk

The company is exposed to currency risk on purchases and borrowings that are denominated in a currency other than the functional currency of the company, primarily, the United States Dollar (US\$). The company's net exposure at reporting date was:

	<u>2016</u> US\$	2015 US\$
Cash and cash equivalents	<u>5,323</u>	<u>5,319</u>

The average exchange rate for the US dollar in terms of Jamaica dollars, at March 31, 2016 was: US\$1.00 = J\$121.3628 (2015: J\$114.4883).

Sensitivity analysis

A 6% (2015: 10%) strengthening of the US\$ against the Jamaica dollar would have increased profit by \$38,761 (2015: \$60,896). A 1% (2015: 1%) weakening would have decreased profit by \$6,460 (2015: \$6,090). This analysis assumes that all other variables, in particular, interest rates, remain constant. The analysis is performed on the same basis as for 2015.

Notes to the Financial Statements (Continued) Year ended March 31, 2016

26. Financial risk management (continued)

(d) Market risk (continued):

(ii) Interest rate risk

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

Profile

At the reporting date, the interest rate profile of the company's interest-bearing financial instruments was:

	Carryi	Carrying amount		
	2016	<u>2015</u>		
Resale agreements	18,993,939	9,135,198		
Employee loans	22,563,266	22,568,466		
	\$ <u>41,557,205</u>	31,703,664		

These financial assets are carried at cost and bear interest at fixed rates.

There has been no change to the company's exposure to market risk or the manner in which it measures and manages this risk.

(e) Operational risk:

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the company's operations.

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

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall company standards for the management of operational risk, including the following:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

Notes to the Financial Statements (Continued) Year ended March 31, 2016

26. Financial risk management (continued)

(e) Operational risk (continued):

Compliance with the company's standards is supported by a programme of periodic reviews undertaken by the internal audit unit. The results of internal audit reviews are discussed with management, with summaries submitted to the Board of Directors, the Audit Committee and senior management of the company, and action is taken to deal with the matters reported.

There has been no change to the company's exposure to operational risk or the manner in which it measures and manages this risk.

(f) Capital management:

The company is not subject to any externally imposed capital requirements.

It is the Board's policy to maintain a strong capital base so as to sustain the future operation of the company. The Board of Directors monitors the return on capital, which the company defines as total equity.

27. Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument.

Determination of fair value and fair value hierarchy

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

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

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

Level 3 – Valuation techniques using significant unobservable inputs.

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

The fair value of long-term receivable approximates to its carrying value as no discount is expected on settlement.

The fair value of resale agreements included in investments approximate their carrying values due to their short-term nature. The units held in NCB Capital Markets CAPFunds (note 5) are classified as Level 2 in the fair value hierarchy.

Notes to the Financial Statements (Continued) Year ended March 31, 2016

28. <u>Contingent liabilities</u>

- (i) A claim was made against the company in August 2000 for damages in the amount of \$2,254,630 arising from alleged damage to the crops of the plaintiff as a result of alleged disconnection of water supply.
 - The company made an appeal against the claim which was heard on 26th January 2010. The appeal was allowed with cost. A determination of the cost is currently being made to bring closure to the above matter. No provision has been made in these financial statements.
- (ii) A claim was made against the company by an ex-employee in which the court awarded cost to the ex-employee. An amount of \$3,784,256 is included in accounts payable (note 11) pending any claims.
- (iii) A claim was made against the company by an ex-employee. An amount of \$26,972 is included in accounts payable (note 11) pending any claims.
- (iv) A claim was made against the company in April 2005 for damages in the amount of \$155,000 arising from alleged flooding caused by canal. This matter was adjourned to April 22, 2016 and no provision has been made in these financial statements.
- (v) A claim was made against the company by a customer in the amount of US\$68,000. The customer claims loss of earnings for crops due to damages to the land allegedly by the company. The matter has not yet been heard. No provision has been made in the financial statements.

29. Capital commitments

Commitments for capital expenditure were as follows:

<u>2016</u> <u>2015</u>

Capital commitments \$33,701,109 1,130,238

National Irrigation Commission Limited

SUPPLEMENTARY INFORMANTION TO The FINANCIAL STATEMENTS

Year ended March 31, 2016

Government of Jamaica Project Advances As at and for year ended March 31, 2016

<u>PROJECTS</u>	At beginning of year	Received during year	Transfer of project funds	<u>Total</u>	Capital work	Expenditure capitalised	Non-capital expenditure	Capital 'B' expenditure	<u>2016</u>	<u>2015</u>
Non Such Agro Park, St. Mar	y									
(Account #44120-00-00)	1,670,635	-	-	1,670,635	(2,314,512)				(643,877)	1,670,635
Fabrication of gates										
and installation of										
mechanical devices	990,144	-	-	990,144	-	(966,068)	(24,076)	-	-	-
Construction of storage										
reservoirs	1,200,220	-	-	1,200,220	-	-	(1,200,220)	-	-	-
Colbeck	578,305	-	-	578,305	-	-	(578,305)	-	-	-
Construction of Dam	14,143,538	-	-	14,143,538	(50,000)	(14,022,668)	(30,245)	-	40,625	40,625
Hounslow	2,198,189	-	-	2,198,189	-	-	(2,198,189)	-	-	-
Lining of Canals	191,655,055	25,000,000	-	216,655,055	(24,992,384)	(103,899,711)	(74,160,574)	-	13,602,386	(11,397,614)
National Irrigation										
Development Plan	1,655,125,231	-	(3,689,483)	1,651,435,748	-	-	30,267,887	(1,608,245,522)	43,190,226	46,879,709
National Irrigation										
Development Plan	110 105 560			110 105 560				(440.000.560)	(405.000)	(405.000)
- Implementation	448,435,563	-	-	448,435,563	-	- (107.221.000)	- (40.005.010)	(448,920,563)	(485,000)	
Other capital projects	254,444,544	-	-	254,444,544	-	(187,221,888)	(40,805,819)	-	26,416,837	43,953,022
Joint Venture- New	2.701.254			2.701.254			(500.770)		2 172 502	2 172 501
Era rehab infrastructure	2,701,354	-	-	2,701,354	-	- (2.5.47.700)	(528,772)	-	2,172,582	2,172,581
Ext. Block E Pipeline	2,639,774	-	-	2,639,774	-	(2,547,798)	-	-	91,976	91,976
Second Sugar Rehabilitation	151 000 000			151.069.666		(140,502,022)	(1.567.642)			
Thetford	151,069,666 29,094,791	-	-	29,094,791	-	(149,502,023) (29,070,822)	(1,567,643) (23,969)	-	-	-
Yallahs	, ,	-	-	25,336,710	-	, , , ,	' '	-	-	-
Rain Water	25,336,710	-	-	25,550,710	-	(24,394,104)	(942,606)	-	-	-
Harvesting Project	12,896,074			12,896,074			(12,907,074)		(11,000)	(11,000)
Energy Saving Projects	6,042,125	-	-	6,042,125	-	-	(8,006,974)	-		(1,964,849)
Vernamfield Irrigation	0,042,123	-	-	0,042,123	-	-	(0,000,974)	-	(1,504,645)	(1,704,047)
System Project phase 1	65,700,000	_	_	65,700,000	(13,065,725)	_	(41,956,251)	_	10,678,024	9,446,422
Agro Parks Project	03,700,000	30,000,000	_	30,000,000	(29,405,135)	_	(4,111,330)		, ,	(31,641,749)
Fishing Beach Projects	70,000,000	50,000,000	_	70,000,000	(27,403,133)	_	(65,741,215)	_	4,258,785	4,258,785
Port Henderson re lift pump	70,000,000			70,000,000			(03,741,213)		4,230,703	4,230,703
station	2,000,000	4,500,000	_	6,500,000	(5,209,965)	_	_	_	1,290,035	2,000,000
PGR pump house construction		500,000	_	1,590,000		_	_	_	(128,192)	1,090,000
Ebony Park filtration system	800,000	2,200,000	_	3,000,000	(3,015,128)	_	_	_	(15,128)	800,000
Wind Monitoring System	-	-	_	-	-	_	_	_	(15,120)	000,000
Wind Monitoring Project	4,228,704	946,014	_	5,174,718	(5,213,557)	-	-	_	(38,839)	1,925,733
IDB Well Sites	485,000	-	_	485,000	-	-	-	-	485,000	485,000
Vernam Irrigation System	,			,					,	,
Phase 2	4,400,000	_	-	4,400,000	<u>(2,863,598)</u>		-	-	1,536,402	4,400,000
	\$2,948,9 <u>25,622</u>	63,146,014	(3,689, <u>4</u> 83)	3,008,382,153		<u>(</u> 511,625,082)	(254,783,263)	(2,057,166,085)	96,959,527	73,714,276

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Expenses Year ended March 31, 2016

Cost of producing and distributing water to farm gates

	<u>2016</u>	<u>2015</u>
Depreciation	42,567,778	44,880,718
Electricity	461,865,786	493,841,926
Equipment hireage	2,488,750	4,017,250
Fuel and lubricants	4,941,022	5,915,685
General expenses	2,778,786	2,036,464
General insurance	8,332,192	8,655,836
Haulage	4,173,238	5,272,126
Maintenance of conveyance system (labour)	47,734,554	65,005,511
Motor vehicle fuel, repairs and maintenance	12,573,646	14,632,624
Telephone, postage, data, etc.	3,403,131	3,645,250
Office refreshments	1,482,250	1,612,540
Stationery	1,984,096	1,755,047
Computer expenses	831,221	768,208
Bank charges	144,467	275,480
Regulatory fees	867,647	882,220
Office rent and property taxes	895,667	1,013,744
Office utilities	7,535,227	9,236,840
Advisory committee fees and related expenses	2,187,194	2,486,473
Professional fees	1,537,306	470,300
Repairs to buildings, distribution canals, pipelines,	===	
pumps, etc. (material)	41,787,424	38,594,869
Salaries, wages and related costs (see below)	352,017,887	362,454,604
Security	16,129,668	16,402,356
Total cost of producing and distributing water	<u>\$</u> 1,018,258,937	1,083,856,071
Salaries, wages and related costs		
Personnel emoluments	234,421,937	242,534,293
Insurance scheme	21,181,772	20,428,081
Statutory contributions	10,422,354	10,697,866
Staff welfare	2,847,475	2,545,065
Accrued vacation leave	(2,709,847)	(4,379,315)
Travel and subsistence	83,835,183	88,019,971
Training	2,019,013	2,608,643
	<u> </u>	
	\$ 352,017,887	362,454,604

Expenses (Continued)
Year ended March 31, 2016

Salaries, wages and related costs included in administrative expenses

	<u>2016</u>	<u>2015</u>
Personnel emoluments	134,868,543	130,015,238
Pension benefit cost (net of contribution)	15,394,000	14,019,000
Insurance scheme	9,923,282	9,255,576
Statutory contributions	5,736,707	5,787,536
Vacation leave	747,906	(2,524,288)
Gratuities	2,748,751	8,695,291
Staff welfare	863,774	2,331,557
Training	3,047,471	2,034,652
Travel and subsistence	28,777,810	25,759,220
	\$ <u>202,108,244</u>	195,373,782



National Irrigation Commission Limited





IRRIGATION SCHEMES

Western region: Braco, Trelawny; Hounslow and Beacon/Little Park, St. Elizabeth and Seven Rivers, St. James.

Central region: Mid-Clarendon; New Forest/ Duff House, Manchester.

Eastern region: Yallahs, St. Thomas; St. Dorothy, Rio Cobre and Colbeck in St. Catherine.

Head Office

191 Old Hope Road, Kingston 6
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Irrigation...Making the difference in agriculture.

















