



**National Irrigation
Commission Limited**
"Irrigation ... Making the Difference in Agriculture"

ANNUAL REPORT
2021 - 2022



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OUR VISION:

To be the regional leader in the provision of world class irrigation services.

VISION



OUR MISSION:

To meet the needs of our customers by delivering high quality irrigation services driven by competent staff, technology, innovation and collaboration with partners.

MISSION



OUR CORE VALUES:

- Teamwork
- Respect
- Excellence
- Commitment/Customer - Centric
- Knowledge - Driven
- Sustainability

CORE VALUES

CORPORATE DATA

REGISTERED OFFICE

Head Office

National Irrigation Commission Limited
Head Office
191 Old Hope Road, Kingston 6
Tel: (876) 977-4022/6727 or (876) 618-0172
Fax: (876) 927-2696
E-mail: nic@cwjamaica.com

The Operation Centre

15 Barrett Street, Spanish Town
St. Catherine
Tel: (876) 984-0625/5792 or
(876) 469-1910
Fax: (876) 984-0532

DISTRICT OFFICES

St. Catherine Irrigation District

Rio Cobre Office
17 Barrett Street, Spanish Town
St. Catherine
Tel: (876) 984-2334 or (876) 489-8801
Fax: (876) 984-8401

St. Dorothy Office

Bodles, Old Harbour, St. Catherine
Tel: (876) 983-2712 or (876) 489-8781
Fax: (876) 745-2759

Yallahs Irrigation District

Yallahs Office
Yallahs, St. Thomas
Tel: (876) 706-3159 or (876) 489-8912
Fax: (876) 706-3160

AUDITORS

KPMG
6 Duke Street
Kingston, Jamaica
Tel: (876) 922-6640
Fax: (876) 922-7198

Attorneys-at-Law

DunnCox
48 Duke Street
Kingston, Jamaica
Tel: (876) 965-0714
Fax: (876) 965-0232

Mid-Clarendon Irrigation District

Mid-Clarendon Office
Osbourne Store, May Pen
Clarendon
Tel: (876) 987-3140/3259 or (876) 469-1909
Fax: (876) 987-3139

New Forest Irrigation District

New Forest Office
New Forest P.A., Manchester
Tel: (876) 371-0794

St. Elizabeth Irrigation & Drainage District

Hounslow Office
Watchwell P.A., St. Elizabeth
Tel: (876) 965-0714 or (876) 489-8918
Fax: (876) 965-0232

Braco Irrigation District

Braco Office
Duncans, Trelawny
Tel: (876) 954-2147 or (876) 489-9095
Fax: (876) 954-2295



OVERVIEW OF THE NIC

The National Irrigation Commission Limited (NIC) is Jamaica's primary provider of irrigation services to the agricultural sector and industrial users. The Commission is an agency of the Ministry of Agriculture and Fisheries (MoAF).

The operations of the NIC are guided by the Irrigation Act of 1949 which gives the Commission the authority to manage, operate, maintain, and expand existing and future irrigation systems as established by the Government of Jamaica.

The operation of the NIC spans across three regions with a total of 15 irrigation schemes and one drainage area:

Eastern: St. Catherine: Rio Cobre, St. Dorothy, Colbeck and Amity Hall
St. Thomas: Yallahs, Yallahs IDB
Portland: Plantain Garden River

Central: Clarendon: Mid-Clarendon Monymusk and Ebony Park/Spring Plain
Manchester: New Forest, Duff House

Western: St. Elizabeth: Hounslow and Pedro Plains (Beacon/Little Park)
Black River Upper and Lower Morass (Drainage Area)
Holland

St. James: Seven Rivers

Trelawny: Braco

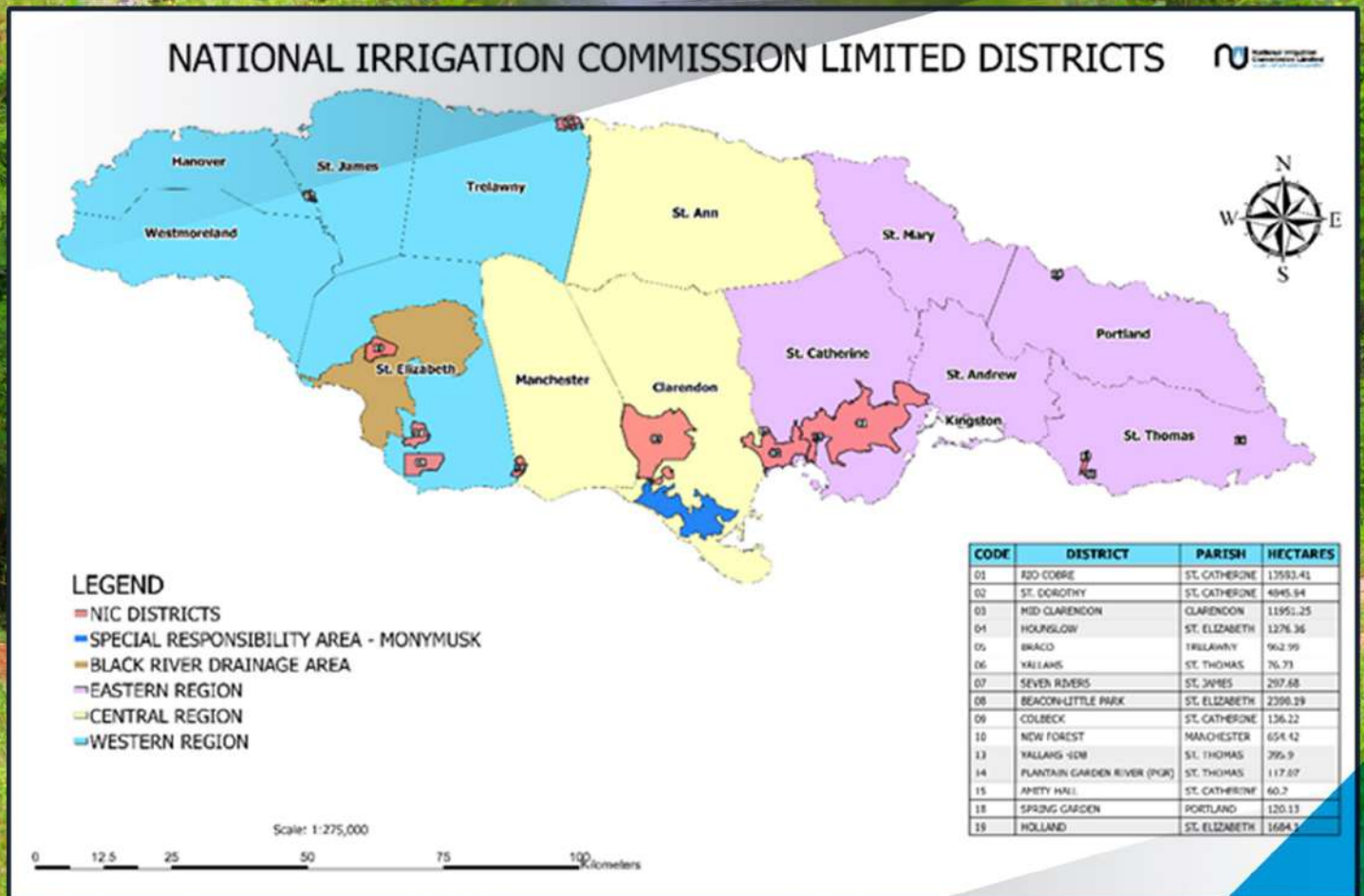
A 15-member Board of Directors oversees and provides guidance on the operation of the Commission. The chief executive officer is the accountable officer and provides overall leadership and supervision to the management of the organization.

The NIC has the following Departments/Units: Administration and Human Resources, Commercial Operations, Engineering and Technical Services, Finance and Corporate Planning, Management Information Systems, Public Relations, Internal Audit, Legal Services, Strategic, Legal Services, and Project Unit.



BEACON E SOLAR PLANT

MAP OF IRRIGATION DISTRICTS



MINISTER'S MESSAGE



The National Irrigation Commission Limited (NIC) forms part of the backbone for Jamaica's agricultural sector through its provision of world-class irrigation services to hundreds of farmers across the island.

The Government of Jamaica is committed, through the NIC, to increase the amount of land under irrigated agriculture to provide a sustainable approach in ensuring Jamaica's food security.

The change in climatic conditions poses an increased threat to global food shortages and highlights the need for more resilient domestic food systems to be developed and maintained. The correlation between food production levels and the availability of water is undeniable.

Throughout the 2021/22 Financial Year the NIC ensured that farmers had consistent and adequate water supplies to facilitate widescale food production. The fact is without the water supplied by the NIC; Jamaica's food production levels will be reduced significantly.

The Ministry of Agriculture and Fisheries will continue to invest in building out and improving irrigation systems in Jamaica that will also benefit, youth, women and people living with disabilities who wish to engage in small- and large-scale farming.

Despite extensive delays effected by the COVID-19 pandemic, the Essex Valley Agricultural Development Project (EVADP) and the Southern Plains Agricultural Development Project (SPADP) for have made progress within the last Financial Year.

I want to acknowledge the Board of Directors for its guidance to the Commission, the chief executive officer for his leadership and the entire staff of the NIC for their commitment and dedication to providing irrigation and drainage services to Jamaica.

A handwritten signature in black ink, reading "Pearnel Charles Jr." in a cursive style.

Hon. Pearnel Charles Jr., MP
Minister of Agriculture and Fisheries

CHAIRMAN'S MESSAGE



For a second year the National Irrigation Commission Limited (NIC) remained undeterred by the prolonged threats of the COVID-19 pandemic. Throughout the 2021/22 Financial Year, the NIC was resolute in carrying out its primary function '**...to manage, operate, maintain, and expand existing and future irrigations schemes as established by the Government of Jamaica...**'

The NIC recognizes that provision of irrigation water is fundamental to the growth and expansion of the agricultural sector and by extension the growth of Jamaica's economy. It is this understanding that drives the NIC's commitment to align itself with the strategic objectives of the Ministry of Agriculture and Fisheries to increase the amount of land under irrigated agriculture.

The NIC has made noted strides in improving its use of renewable energy through the outfitting with solar panels, the Little Park Pump Station and Beacon E, both in St. Elizabeth. This is to improve efficiency, reduce water production costs, while safeguarding the environment. Also, the implementation of multiple irrigation technologies for example, variable frequency drives, has realised greater efficiency in the production and delivery of water via pressurised and gravity systems. The NIC recognizes the potential effects of climate change on agriculture and views the development of the country's irrigation capability as an adaptive strategy.

The success of the Financial Year 2021/22 is attributed to extensive research on irrigation best practices and the irrigation demands of Jamaica's agriculture sector.

The Board of Directors will remain steadfast in providing the required governance support and guidance to the Commission to assist the NIC in its goal actualization.

Gratitude is extended to the chief executive officer and the entire staff of the NIC for the dedication to deliver improved high quality irrigation services to our farmers.

A handwritten signature in black ink, appearing to read 'Nigel Myrie', written over a white circular background.

Nigel Myrie
Chairman

CHIEF EXECUTIVE OFFICER'S MESSAGE



The 2021-2022 financial year was inspiring and challenging. The team navigated procurement, logistics and supply chain delays caused by the impact of the COVID-19 Pandemic. Despite these and other challenges, the Commission's performance was in alignment with the Ministry of Agriculture and Fisheries strategic targets.

Customer Centricity

The reliable supply of irrigation water to farmers was maintained throughout the period, with increased focus on customer engagement and satisfaction. The implementation of two (2) solar pump stations in St. Elizabeth has bolstered the integration of climate smart technologies in our operations and increased efficiency in water production within the Hounslow Irrigation District.

Business Process Improvements

The Commission has strengthened a number of core business processes with automation and reengineering. This has improved the capacity of the technical and administrative staff to contribute to agri-business "building more for our agricultural sector – innovation, resilience and sustainability.

Irrigation Services Expansion

Implementation of major irrigation projects continued steadily amidst supply chain and other challenges. Additionally, the Commission kept pace with the development of pre-investment projects in order to achieve the mandate as outlined by the Irrigation Act, 1949 "to manage, operate, maintain and expand the existing and future irrigation schemes and systems as required by the Government of Jamaica".

The future outlook is positive, the Commission is on track to increase the access of irrigation water across the island.

We are thankful for the guidance of the Ministry, the oversight of the Board of Directors and the unwavering dedication and competence of the staff.



Joseph Gyles, JP
Chief Executive Officer

BOARD OF DIRECTORS



Nigel Myrie
Chairman



Krishan James
Vice-Chairman



Genille Attalla



Dr. Horace Charoo



Adrian Chin



Andrea Allen



Peter Clarke

BOARD OF DIRECTORS



Harvey D'Aguiar



Amelia Gordon



Randel Bellanfante



Dramaine Jones



Theresa Turner-Flynn



Dr. Charles Douglas



Sharon Williamson



Davita McLaren



Venice Williams-Gordon
Corporate Secretary

DISTRICT ADVISORY AND MONITORING COMMITTEES



ST. ELIZABETH

Krishan James - **Chairman**
John Davis
Orlando Nembhard
Nathan Samuels
Aslyn Parchment
Sylton Sibblis
Chandia Walters
O'neil Wright

TRELAWNY

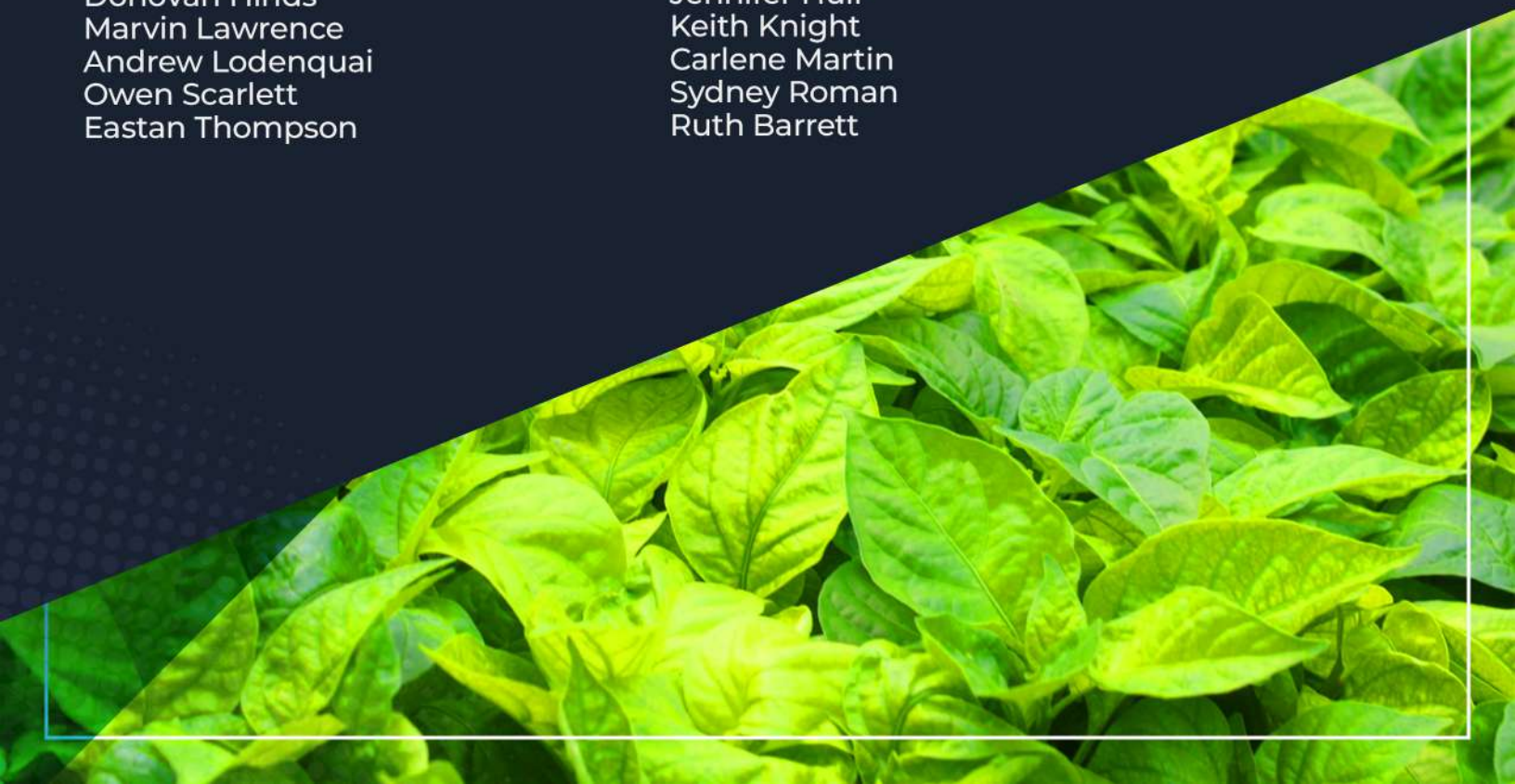
Genille Attalla - **Chairman**
Rachel Webb, JP
Stacey Mason
Vincent Blair
Ronique Henry
Rev. Kenneth Binns, JP
Donovan Whyte
Courtney Taylor

CLARENDON

Dr. Horace Charoo - **Chairman**
Baldwin Atkins
Ralden Bellanfante
Donovan Hinds
Marvin Lawrence
Andrew Lodenquai
Owen Scarlett
Eastan Thompson

ST. CATHERINE

Theresa Turner-Flynn - **Chairman**
Trevor Garvey
Andre Griffiths
Jennifer Hull
Keith Knight
Carlene Martin
Sydney Roman
Ruth Barrett



EXECUTIVE MANAGEMENT TEAM



Joseph Gyles, JP
Chief Executive Officer



Wayne Barrett
Director of
Commercial Operations



Milton Henry
Director of
Projects



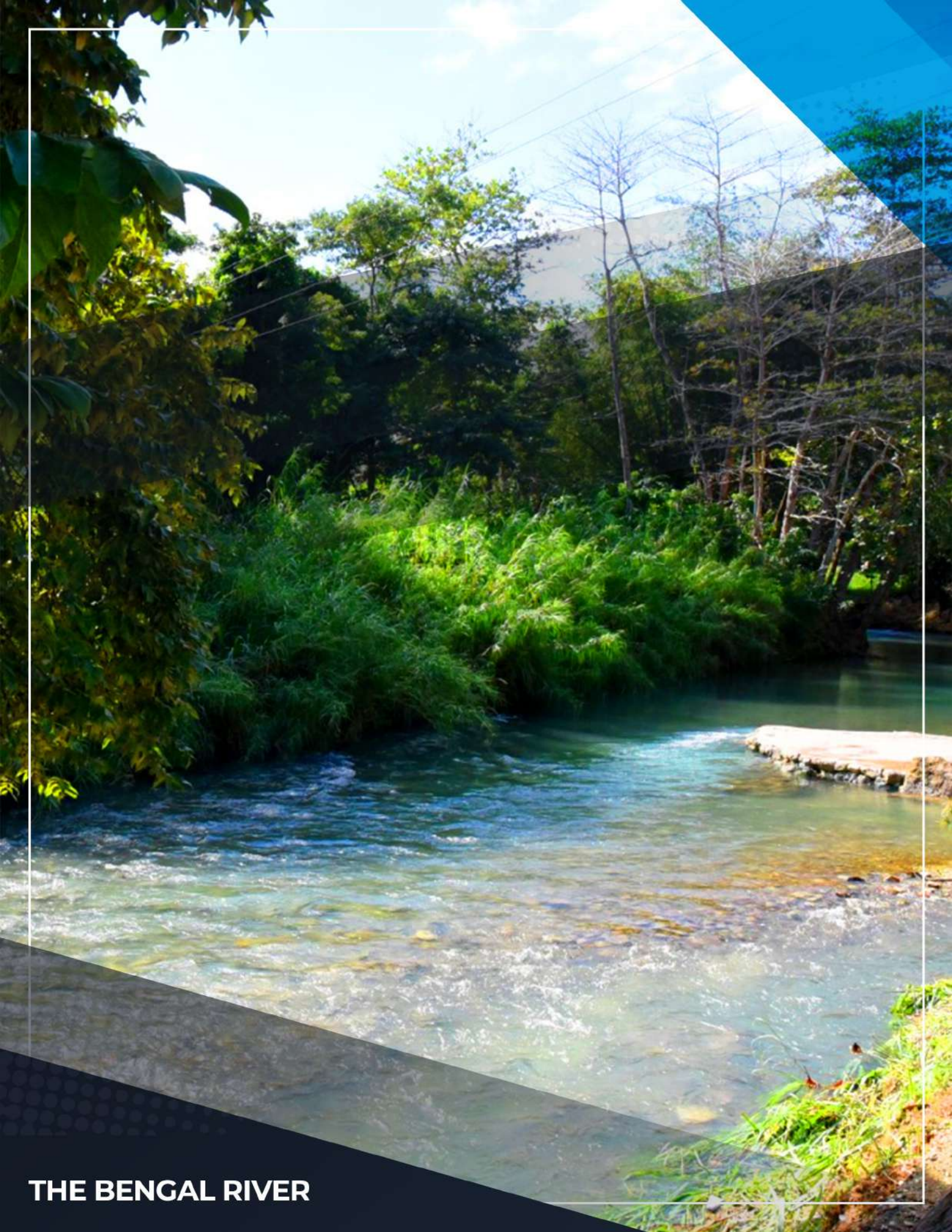
Maxine Brown
Director of
Administration
& Human Resources



Rohan Stewart
Director of
Engineering and
Technical Services



Lillian Smith
Director of
Finance and
Corporate Planning



THE BENGAL RIVER

DIRECTORS' COMPENSATION

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 Current: Nigel Myrie	430,600.00	263,466.00			694,066.00
Deputy Chairman Current: Krishan James	111,000.00	39,564.00			150,564.00
Deputy Chairman: Previous: Dr. Horace Charoo	204,300.00	10,384.00			214,684.00
Statutory Director Current: Harvey D'Aguilar	227,500.00	27,790.00			255,290.00
Statutory Director Current: Ralden Bellanfante	190,500.00				190,500.00
Statutory Director Current: Sharon Williamson	66,500.00	1,864.80			68,364.80
Statutory Director Current: Theresa Turner	221,000.00				221,000.00
Statutory Director Current: Adrian Chin	234,000.00	12,524.40			246,524.40
Statutory Director Current: Amelia Gordon	177,200.00	756.00			177,956.00
Statutory Director Current: Andrea Allen	196,900.00				196,900.00
Statutory Director Current: Charles Douglas	108,400.00				108,400.00
Statutory Director Current: Daveta McLaren	48,000.00				48,000.00
Statutory Director Current: Dramaine Jones	178,500.00				178,500.00
Statutory Director Current: Genille Attalla	355,900.00	16,216.00			372,116.00
Statutory Director Current: Peter Clarke	215,500.00				215,500.00
Total A	2,965,800.00	372,565.20			3,338,365.20

SENIOR EXECUTIVES' COMPENSATION

Position of Senior Executive	Year	Salary	Travelling Allowance (Upkeep)	Acting/Other Allowances (\$)	Total (\$)
Chief Executive Officer Joseph Gyles	2021/2022	8,033,544		1,796,550	9,830,094
Dir. Finance & Corp Planning Edgar Watson	2021/2022	870,617	182,489		1,053,106
Dir. Commercial Operations Wayne Barrett	2021/2022	6,161,515	1,697,316		7,858,831
Project Director Milton Henry	2021/2022	7,853,348	1,697,148	288,123	9,838,619
Dir. Finance & Corporate Planning Lillian Smith	2021/2022	5,846,706	1,697,148	58,650	7,602,504
Dir. Admin & Human Resources Viola Cammock	2021/2022	1,264,106	381,858		1,645,964
Dir. Engineering & Tech Services Rohan Stewart	2021/2022	5,921,747	1,698,268	669,994	8,290,009
Dir. Admin & Human Resources (Actg) Maxine Brown	2021/2022	5,088,286	1,697,148	568,464	7,353,898
Total		41,039,869	9,051,375	3,381,782	53,473,025



DRIP IRRIGATION

ADMINISTRATION AND HUMAN RESOURCES DEPARTMENT

Corporate Objectives

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

The Department is responsible for the following:

- Administration and Office/General Services
- Human Resource Management and Industrial Relations
- Training and Development
- Property, Transport and Occupational Safety

Business Process Improvements

During the period under review, the strategic focus within the Department advanced with several automated processes implemented to improve efficiency which included:

- (i) Phase 4 of HRplus software as well as additional modules of the software
- (ii) Applications created for Schedule Management and Content Management for Training and Development
- (iii) Digitization of documents in all Departments and Units.

Work has commenced for business process improvements in these areas:

- Inventory Management for Administration
- Facilities and Asset Management; and Motor Vehicle Maintenance Scheduling for Property, Transport and Occupational Safety

Cost saving Measures

The Department collaborated with the Energy Unit to reduce electricity expenses for the offices islandwide. The energy cost avoidance of \$2.6M was achieved for the Financial Year 2021/22.

Cost saving initiatives were implemented to reduce costs for office stationery and supplies, and furniture.

Administration and Office Services

The Administration and Office Services Unit continued to ensure a clean and safe work environment for staff and customers as well as delivered efficient and reliable bearer services. In supporting the efforts to contain the spread of the Coronavirus (COVID-19), the ancillary staff rose to the challenge by adapting to the new norm of weekly sanitization of the offices.

Records Information Management

The implementation of the Government of Jamaica's Records and Information Management Programme continued under the guidance of the Jamaica Archives and Records Department (JARD).

HUMAN RESOURCES DEPARTMENT

Overview

The Human Resources Unit of the National Irrigation Commission Limited is functionally aligned to the Department of Administration and Human Resources. The overall objective is to “develop a cadre of professionals through appropriate and dynamic human resources programmes which will strengthen and expand staff competencies and ultimately enhance the sustainable delivery of service to our customers...” The unit is also responsible for industrial relations and as such coordinates related activities among the four unions presently representing staff.

HR Strategic Objectives 2021/2022

- Quality Staffing
- Business Process Improvement
- Quality HR Services

Business Process Improvement

The HR Unit pursued initiatives aimed at improvements in automated business processes to create improved service delivery, enhanced paperless environment, standardized approaches, and integrated technology solutions.

HRplus Software

The HRplus Software was expanded to include additional modules:

- Mobile Application Version for remote ease of access
- Asset Management for tools and equipment assigned to staff, and
- Talent Management for training and development coordination

Standard Operating Procedures

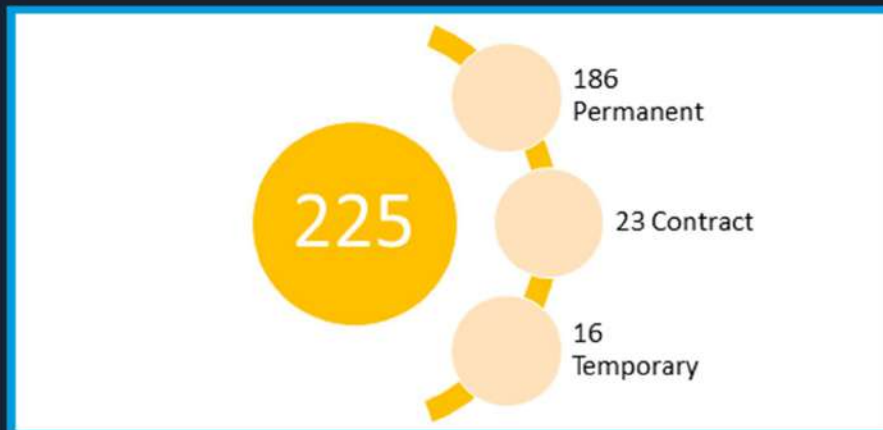
Initiatives for continuous improvements in critical business processes in the HR Unit resulted in the development of additional Standard Operating Procedures (SOPs) for:

- Recruitment and Selection
- On-Boarding
- Off-Boarding

Summary of staffing

Despite the myriad irrigation infrastructural system, the machinery and equipment, the single most important asset of the NIC is our people. There are 225 staff organized around departments and units in various locations across Jamaica. Females represent 39 percent of the staff complement while males represent 61 percent. The gender distribution is female dominated on the side of Administrative Services Support services, while the males dominate the Technical and Field Service areas.

Chart 1. Staff Composition



Staffing Ratios

Staffing ratios provide an indication of the HR temperature in an organization. Two such critical ratios are: Staff Retention and Staff Turnover. While the first refers simply to the staff maintained, the other refers to replacement of employees with new people. NIC maintained positive ratios for both: Staff Retention averaged 93 percent and Staff Turnover averaged 9.3 percent.

Chart 2. Percentage Staff Retention and Turnover



Staff Separation

The employees who separated were mainly by way of retirement and end of contract. One employee was separated because of sudden/tragic death. This impacted the general staff resulting in the provision of professional grief counselling.

Industrial Relations

NIC maintained a harmonious relationship with the unions even as negotiations continued for wage and fringe benefits for the respective staff groups.

The Work Environment

Impact of COVID-19 on Human Resources

The year in review was characterized by constant changes and adjustments to adopt a new normal brought on by the COVID-19 pandemic. As a public sector entity providing an essential service, the aim was to minimize as much as possible any disruption in our services and operations. From the onset, emergency plans were activated toward this objective. HR responded to the challenges by hosting regular information sessions with staff to share updates on preventive strategies, workplace guidelines; Government of Jamaica (GOJ) measures; and occurrences within the workplace. A COVID-19 Workplace Policy for NIC was also developed for implementation.

ACADEMIC ACHIEVEMENTS OF STAFF



Mrs. Veronica Wilson
Administrative Assistant,
Associate Degree in Business Studies,
Portmore Community College



Miss Kemisha Brooks
Administrative Assistant,
Associate Degree in Human Resource Management,
Management Institute for National Development



Miss Stacy-Ann Gray,
Legal Education Certificate,
Norman Manley Law School,
Attorney-at-Law, called to the Jamaican Bar

SCHOLARSHIP AWARDS PROGRAMME

NIC is committed to supporting the academic achievements of children of its employees. The annual scholarship awards ceremony was successfully staged within the guidelines of the relaxed COVID-19 measures. Scholarship awardees were recognized from the last two years as outlined below.

Table 3. Breakdown of Scholarship Awards 2020/2021

Level	Staff Category	No. of Awards	Gender Spread	Value of Award \$	Total Value \$
Secondary	Fortnightly	3	F = 2 M = 1	100,000.00	300,000.00
	Monthly	2	F = 2 M = 0		
Tertiary	Fortnightly	0	None	150,000.00	450,000.00
	Monthly	3	F = 3 M = 0		
Academic Grants		2	F = 0 M = 2	25,000.00	50,000.00
Totals		10	F = 7 M = 3		1,000,000.00

Table 4. Breakdown of Scholarship Awards 2021/2022

Level	Staff Category	No. of Awards	Gender Spread	Value of Award \$	Total Value \$
Secondary	Fortnightly	3	F = 3 M = 0	100,000.00	300,000.00
	Monthly	2	F = 0 M = 2		
Tertiary	Fortnightly	0	None	150,000.00	450,000.00
	Monthly	3	F = 3 M = 0		
Academic Grants		4	F = 2 M = 2	25,000.00	100,000.00
Totals		12	F = 8 M = 4		1,050,000.00



NIC staff members with some of the scholarship awardees

TRAINING

The Training Unit implemented 46 capacity-building programmes using mainly online modality.

Table 5. Breakdown of Training initiatives for the period

Quarters	Number of Training Initiatives (Target)	Number of Training Initiatives (Actual)	Percentage of Training Initiatives Achieved	Number of Participants Trained* (Actual)
APR. –JUN. 2021	8	12	150	186
JUL. – SEPT. 2021	12	11	92	165
OCT. – DEC. 2021	10	7	70	50
JAN. – MAR. 2022	10	16	160	200
TOTAL	40	46		



Table 6. Major training activities conducted for the period

Training	Service Provider
International Financial Reporting Standards	External
Intricacies of Payroll & Payroll Taxes	External
Leadership	External
Labour Laws	External
Violence and Sexual Harassment	External
Workplace Requisition/Purchase Order Online System	External
Inventory Management	External
Geographic Information System	External
Earthquake Safety Training	External
Stable Isotopes in Precipitation	External
Document Authentication	External
Government Procurement System	External
Statistical Concepts & Experimental Design	External in collaboration with UWI, Life Sciences Department
Stable Isotopes in Precipitation	External
Cashiering Module – CRMS	External

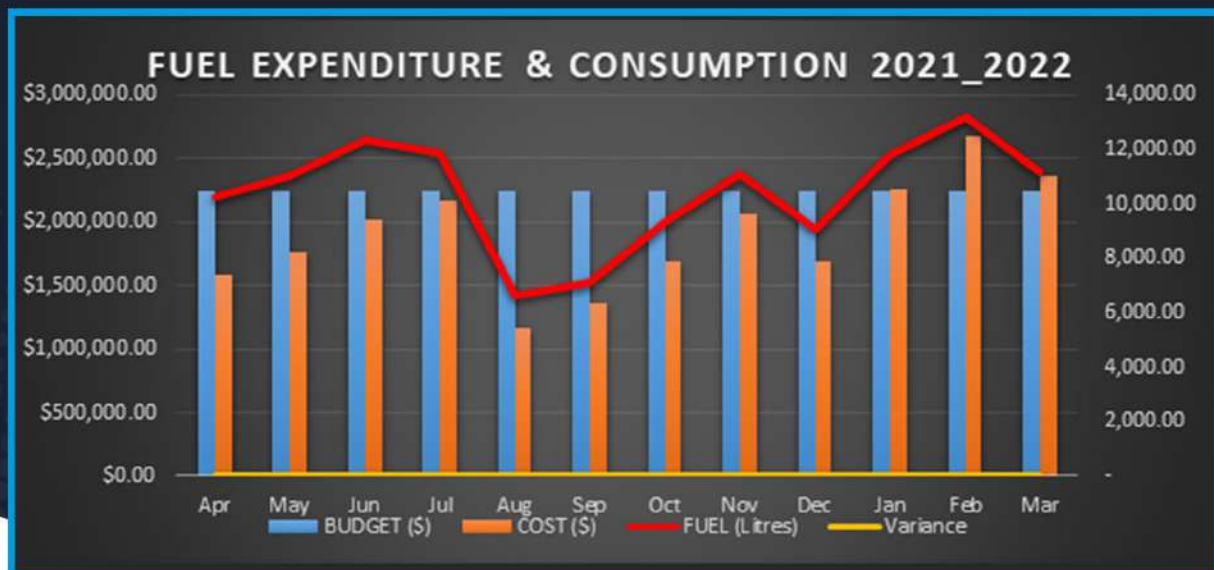
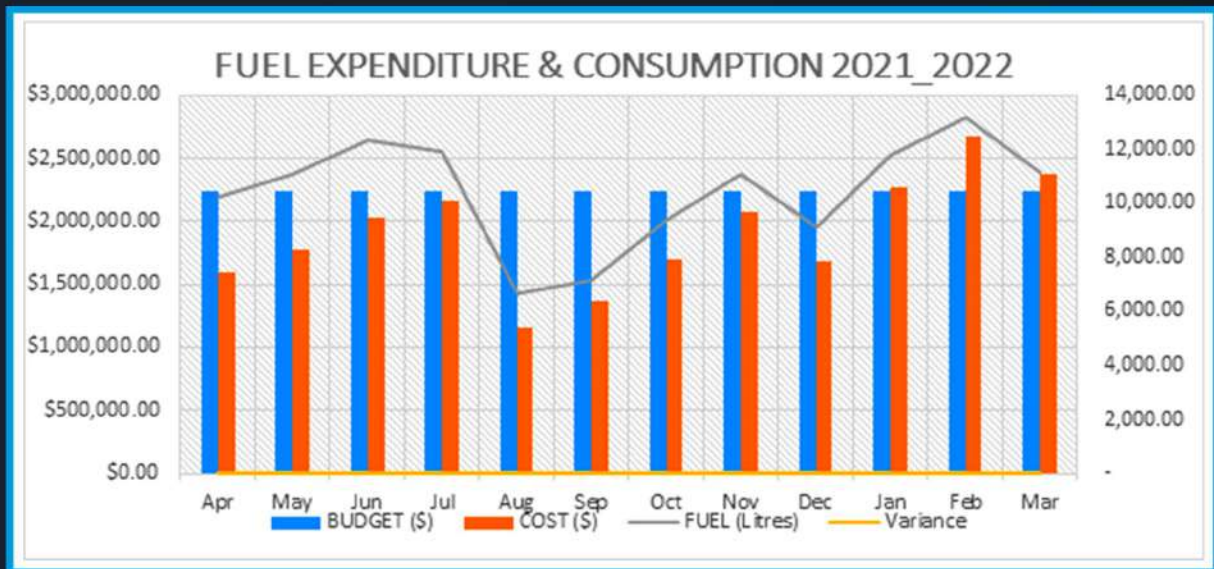
PROPERTY, TRANSPORT, OCCUPATIONAL SAFETY AND HEALTH UNIT

Transport

The Unit had oversight for 35 motor vehicles over the period.

Fuel Consumption

Despite increases in fuel prices over the period, the fuel expenditure remained within budget by 14.97 percent %. This was attributed to cost containment measures implemented in partnership with the engineering and technical services team.



Fleet Preventive Maintenance

The maintenance programme targeted activities to decrease downtime and lower repair costs. Activities included:

- Vehicle inspections
- Cleaning, testing
- Monitoring adherence of driver checklists submissions
- Enhanced record keeping; repairs and replacement of parts
- Lubrication, and
- Ongoing vehicle maintenance activities

PROPERTY

Vesting Project

In partnership with Legal Services the Unit continued to register the Commission's proprietorial interests/rights for properties beneficially owned and earmarked for operations.

Facilities Management

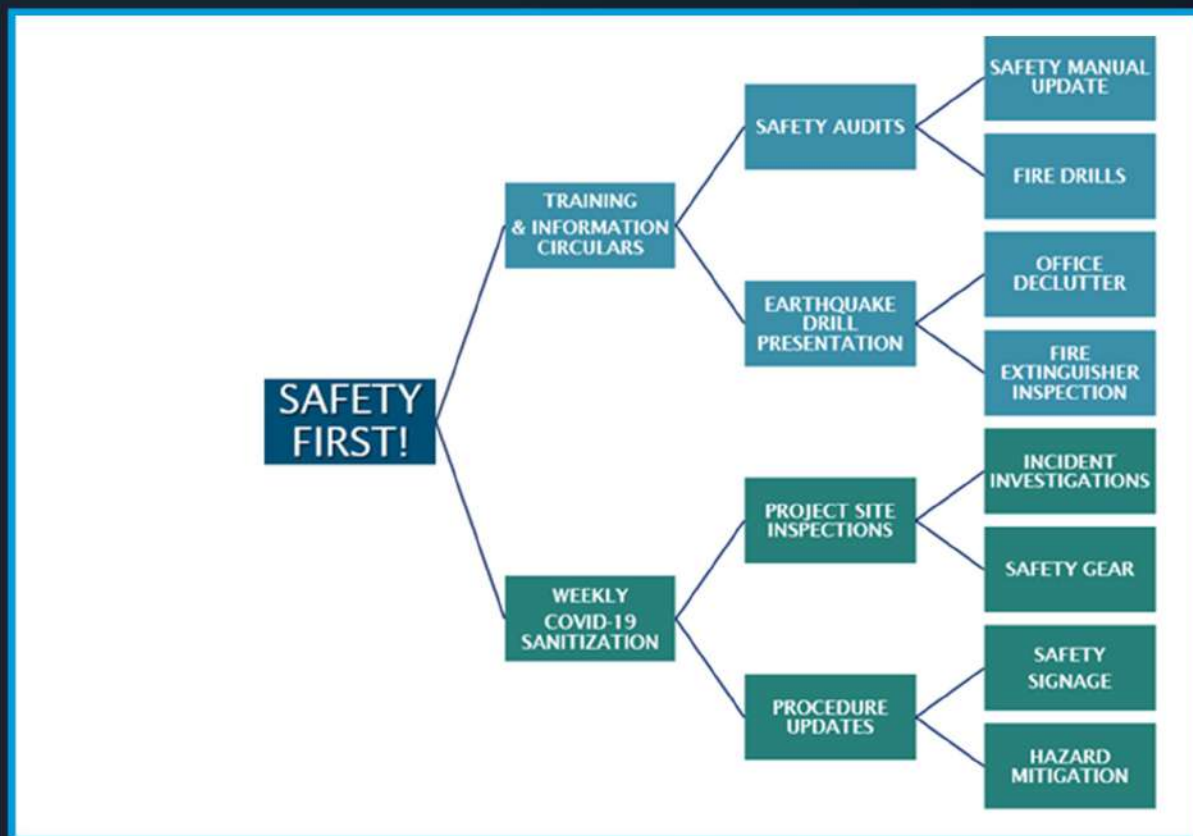
Facilities management activities and upgrades were carried out throughout the Commission to support the functionality, safety, and sustainability of buildings, grounds, infrastructure, and real estate. The approved activities were executed within the allocated budget.

OCCUPATIONAL HEALTH & SAFETY

The capacity of the safety portfolio was improved with the addition of a safety officer. The Commission experienced a boost in adherence to Occupational, Safety and Health Act (OSHA) standards as well as implementation and execution of operational objectives.



Chart 3. Safety activities for the reported period



LEGAL SERVICES UNIT

Overview

The Legal Services Unit (LSU) provided representation of NIC's best interest in legal matters, protection against risks to the company, development and implementation of legal procedures, verification of NIC's compliance with enabling laws and policies and the management of the legal function of the Unit.

Table 6. Highlights of Legal Services rendered over the reported period

Achievements	Summary
<p>LAND TRANSACTIONS HOUSING NIC'S WORKS PROCESSED FOR VESTING & TRANSFERAL OF LANDS/ INTERESTS IN LANDS TO NIC</p> <p>12 Vesting processed</p> <p>9 Easements processed</p> <p>4 Leases processed</p> <p>1 Application to Register processed</p> <p>CORPORATE GOVERNANCE MATTERS ADDRESSED</p>	<p>Land transactions were processed as a continuous strategy to secure the NIC's proprietary rights/interest in lands housing its irrigation infrastructure namely, wells, canals, pipelines, pump houses and offices among other types. This fortification of interest was expected to reduce the NIC's risk exposure of its real and personal assets.</p> <p>The 26 matters processed were divided into four types of conveyancing procedures:</p> <ul style="list-style-type: none"> · Vesting – [Transfers legal ownership and title of parts or whole parcels of lands owned by the Commissioner of Lands to the NIC] The Mid-Clarendon Irrigation District remained an area earmarked for vesting of lands. Upon receipt of the Survey Plans, 12 parcels housing wells, pump houses in the parishes of Manchester and Clarendon as well as an office site in St. Catherine were submitted to the National Land Agency for final processing. · Easements – [Transfer rights of access to or use in lands owned by someone else via a grant for the benefit of lands irrigated by the NIC]. The LSU actively processed nine easements for its existing pipelines in the parish of Clarendon and embarked on its parent Ministry's new Mango Project easement for the Agricultural Competitiveness Programme Bridging Project. · Leases – [Transfer legal ownership in lands for a specified time to the NIC]. The Unit processed two leases with the intention to promptly acquire absolute rights in the lands upon their expiration and pursued two additional leases. · First Registration – Which is the process by which unregistered lands become registered under the Registration of Titles Act. The Unit pursued application to register unregistered lands at St. Toolies, Clarendon in its name. <p>The 17 Corporate Governance matters addressed helped to preserve the NIC's track record of good governance. The Unit buttressed its resolve to strengthen compliance within the company with the development of legal procedures in support of NIC's mandate. These included the development of photo consent release forms, standardised contract templates, conflict of interest declaration and disclosure forms, forms for its commercial operations among others.</p>

ENGINEERING AND TECHNICAL UNIT

Overview

The Corporate Objectives of this Department are to improve efficiencies in the conveyance and delivery of irrigation water to enhance the quality and reliability of service as well as designing irrigation systems for the improvement and expansion of irrigated agriculture.

The functions of the Division are to:

- Produce and distribute irrigation water to customers
- Develop engineering designs and implement irrigation projects
- Implement an energy management programme throughout the organization
- Repair and maintain NIC's irrigation network as well as the fabrication and installation of measuring devices and regulatory structures
- Provide drainage services and maintenance as stipulated by the Irrigation Act
- Provide security monitoring across irrigation districts to protect both staff and assets

Energy Management

Table 7. Comparison of Water Production, Energy Cost and Use

Period	Total Energy Cost	Pumped Production Energy Cost	Total Water Production	Water Production pumped from energized sources	Pump Hours	Production Energy Use	Unit Energy Cost – Energized Sources Only	Unit Energy Cost – Gravity + Pumped	Unit Energy
FY	\$M	\$M	Mm3	Mm3	hrs.	MWh	\$/m3	\$/m3	kWh/m3
21/22	753.0	714.1	67.9	34.3 (50%)	138,369	12.2	20.41	10.31	0.18
20/21	688.7	656.8	63.9	39.2 (61%)	128,074	13.7	16.58	10.17	0.21
YOY % Change	+9.3%	+8.7%	+6.3%	-12.5%	+8.0	-11.0%	+23.1%	+1.4%	-14.3%

The NIC incurred a 9 percent increase in Jamaica Public Service Company (JPSCo) electricity costs compared to the prior year in order to produce 6 percent more water. The unit energy cost to produce one cubic metre (m³) of pumped water increased by 23 percent while the overall unit energy cost increased by 1.4 percent. Even with lower energy use for production, the NIC incurred higher energy costs which resulted from the elevation in JPSCo invoices.

Table 8. Key Performance Indicators related to Energy Management

Performance Indicator/ Output Measures	Measure	Target	Actual	Variance	Comment
Energy Use Avoided	%	5	8.7	+3.7	Target surpassed
Energy Generated from Renewables	%	3	3.8	+0.8	Target surpassed
Energy Cost Avoided	%	14	13.8	-0.2	Off target due to delays in completion of 200kW Little Park F3 Solar Project
Unit Energy Cost	\$/m ³	4.57	10.31	-5.74	Off target by 126% as a result of diseconomies of scale in water production due to lower irrigation demands and higher JPSCo rates
Unit Energy Use	kWh/m ³	0.20	0.18	+0.02	Target surpassed
# of Projects Implemented	#	2	1	-1	Off target, one project was not completed in the period

Solar Retrofit Projects

The strategic objective of self-generating energy from renewable to 4 percent have been enhanced with the addition of 320 kW of solar PV system this year.

Table 9. Solar retrofit projects completed

Location	Solar size (kW)	Cost (\$ Million)	Annual saving (Million \$)	Simple payback period (yrs.)
F2	200	39.4	9	5.9
Beacon E	120	25.3	8.6	4.8



Beacon Little Park F3 pump station with 200 kW Solar PV system



Drone shot of Beacon E Solar Retrofit

Optimizing Irrigation Water Management to Improve Crop Output and Water Quality Output Project.

Agronomic Research & Water Quality Monitoring

In 2017 the NIC partnered with the International Atomic Energy Agency (IAEA) in a research project with two components: agronomic and water quality monitoring. The final report was submitted in collaboration with the Research and Development Division (R&DD) within the Ministry of Agriculture and Fisheries and was accepted by the IAEA. The final water sampling of 15 points within St. Catherine was not completed due to rain delays. This is scheduled to be completed within Q1 of FY 2022/23.

Research and Demonstration Stations

Experiments were conducted at the Braco, Trelawny and Hounslow, St. Elizabeth demonstration plots to determine the efficacy of water enhancer in lowering the cost of production while improving yields as well as the use of drip irrigation versus micro sprinklers. The crops used in these experiments were sweet potato, carrot, and onion.



Carrot, Braco Demonstration Plot, Trelawny

A shade house was retrofitted to produce hydroponic plants to demonstrate the viability and profitability of the use of this technology.

At the demonstration plot, 9058 kilogrammes of produce were harvested from commercial production of sweet potato, West Indian red pepper, and melon.



Onion Crop, Research and Demonstration Plot, Braco, Trelawny

OPERATIONS

A second ramp was established in Beacon/Little Park which enabled a more efficient delivery of water.



Two water trucks were commissioned to serve customers in the Western Region. The acquisition of the trucks expanded the capacity to deliver water to farmers outside the boundaries of the Irrigation District. This reliable and sustainable supply of water is expected to boost agricultural productivity across 50 communities.



New water truck being loaded at Hounslow ramp



Water trucks at the commissioning ceremony

Black River Morass River Cleaning

River cleaning activities benefited 25 communities using both heavy equipment (excavator, backhoe, and dragline) and manual labour. A total of 169 kilometres were cleaned for the period.



Gayle River Before and After the cleaning

The NIC added an amphibious excavator to its fleet to increase drain cleaning capacity of the Black River, Upper and Lower Morass.

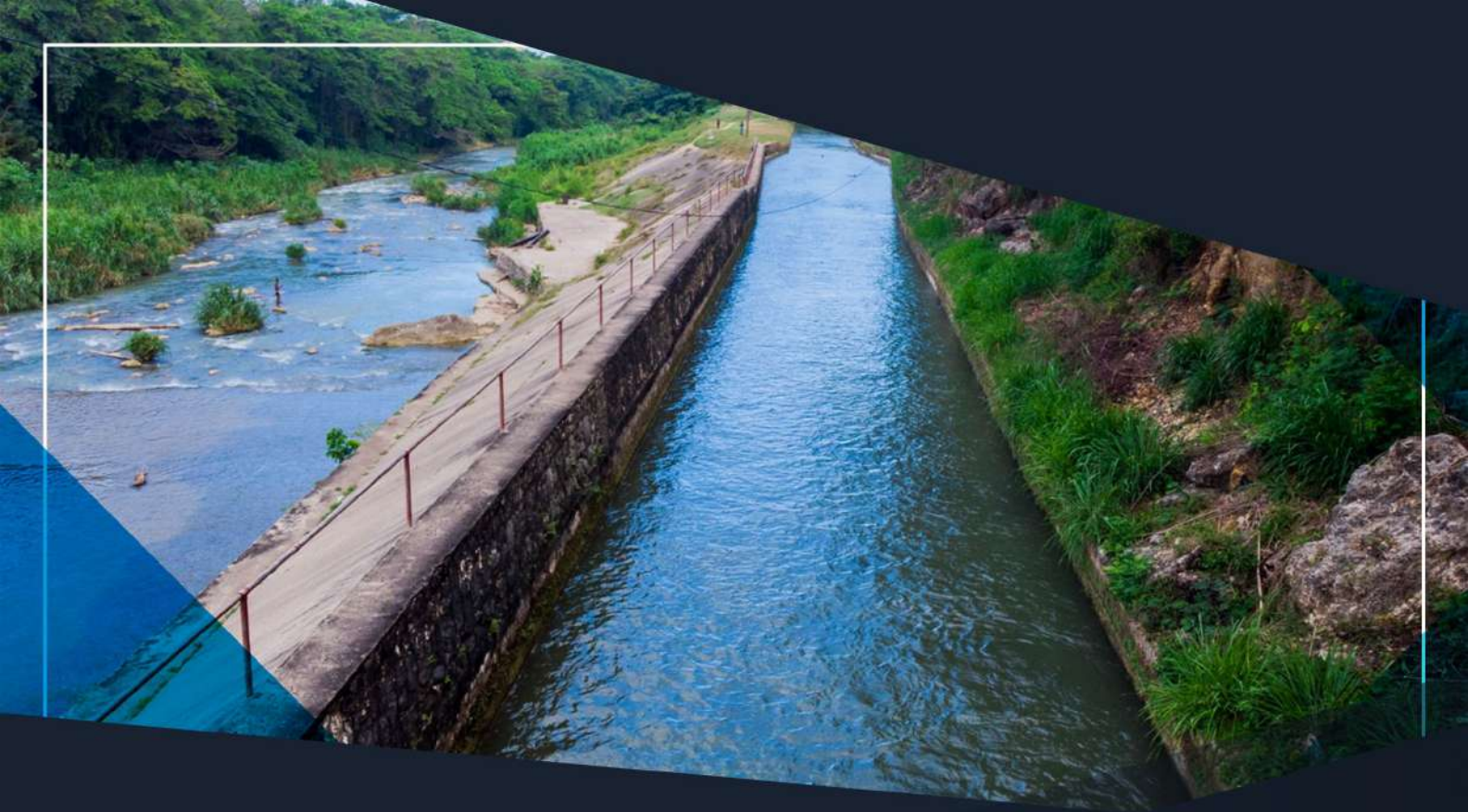
Canal maintenance activities were conducted in the Eastern and Central regions; 190 kilometres of canals were maintained.

Table 10. Canal Maintenance Activity for 2021/22

Maintenance activity	Bushing	Cleaning	Rushing
Combined Regions # of Cycles	3.31	1.76	0.85



Amphibious excavator cleaning a section of the White River, St. Elizabeth



Water Production

Both surface and ground sources were used to produce irrigation water. Surface source accounted for 65 percent of production while ground sources accounted for 35 percent. A total volume of 67,907,768 m³ water was produced which was 4,301,961 m³ or 7 percent more water than the previous year. The artificial aquifer recharge facility in Innswood, St. Catherine was developed by the Ministry of Economic Growth and Job Creation and is now operational with the support of the Commission providing 4,018,578 m³ water.

PUMP STATION ENERGY COST

Location	Pump Hours	Produced (m3)	Aquifer Recharge & Demo Plot		Prepayment	% Age Invoiced	Energy used (kWh)	JPSCO Energy Cost (\$)	Energy Cost (\$/m3)		Kwh/m3 produced
			Delivered	Invoiced (m3)					Prod.	Inv.	
Spring Village	10,400.00	1,880,057.50		1,737,717.50		92.4%	66,837.15	4,354,139.57	2.32	2.51	0.04
Sandy Bay	18,352.80	566,990.00		515,984.38		91.0%	236,630.40	14,375,401.77	25.35	27.86	0.42
Thetford	1,941.50	488,460.00		435,949.00	7,101.08	90.7%	111,229.60	6,804,771.43	13.93	15.61	0.23
Bowers	1,739.30	139,110.00		114,524.92		82.3%	75,039.60	5,045,367.19	36.27	44.05	0.54
Bodies #2											
Freetown#1 & #2	8,129.00	3,783,300.00		2,990,159.21	209,356.58	84.6%	501,624.80	29,302,052.98	7.75	9.80	0.13
TOTAL (ST. DOROTHY)	40,762.60	6,857,917.50		5,794,335.01	216,457.66	84.5%	991,361.95	59,881,732.94	8.73	10.33	0.14
Co beck	1,570.35	334,500.00		302,020.47	11,093.61	93.6%	131,201.60	8,486,783.73	25.37	28.30	0.39
Innwood	415.00	132,174.30		132,174.30	0.00	100.0%	29,480.40	5,384,153.54	40.74	40.74	0.22
Blocks A & E, Bernard Lodge	13,542.00	2,695,340.00		2,048,948.67	116,942.00	80.4%	671,491.67	34,040,675.43	12.63	16.61	0.25
Blocks B & C Bernard Lodge	9,567.00	1,057,193.00		846,235.00	68,307.00	86.3%	257,487.62	14,609,579.85	13.82	17.26	0.24
TOTAL (BLOCKS)	23,109.00	3,752,533.00		2,895,183.67		82.2%	928,979.29	48,650,255.28	12.96		
Amity Hall	1,652.27	213,110.00		195,808.00	0.00	91.9%	46,634.54	2,873,818.44	13.49	14.68	0.22
Plantain Garden River (PGR)	183.50	10,590.00		8,774.00	0.00	82.9%	0.00	0.00	0.00	0.00	0.00
Phillipsfield/Hearthouse/Norris	5,037.50	1,208,880.00		898,002.90	67,296.29	79.9%	437,415.73	25,988,805.25	21.50	26.92	0.36
Spring Garden	1,152.44	51,209.16		52,312.30		102.2%	13,573.56	870,227.75	16.99	16.64	0.27
Artificial Aquifer Recharge			4,018,578			#DIV/0!			#DIV/0!		#DIV/0!
Rio Cobre Open Canal	0.00	29,123,911.88		11,953,595.55	5,117,634.35	72.4%	0.00	0.00	0.00	0.00	0.00
Production Invoice		29,123,911.88									
TOTAL (EASTERN REGION)	73,240.66	41,552,651.54	4,018,578	22,100,031.90	5,597,730.91	62.9%	2,578,646.67	152,135,776.93	3.66	#DIV/0!	0.06
Monymusk (Heathfield #2, Shallow Pasture #4, Pamassus Blue)	6,475.67	842,289.00		620,269.59	0.00	73.6%	140,540.87	13,701,382.38	16.27	22.09	0.17
New Forest/Duff House/Plumwood/Lane	12,146.27	2,935,895.00		2,372,192.60	273,328.10	90.2%	2,482,888.00	138,349,866.91	47.12	223.05	0.85
Spring Plain/St. Jago/Ebony Park Deep Well/Jungle West/Harmons Well	7,222.10	3,245,723.99		2,898,636.95	192,734.00	95.2%	973,835.60	64,167,388.17	19.77	22.34	0.30
Vernamfield	2,264.13	1,155,027.76		1,172,553.00	22,984.00	103.5%	475,519.20	28,822,965.37	24.95	24.38	
Mid Clarendon (Pumps)	14,085.55	4,366,083.50		6,001,597.07	184,851.44		1,250,084.12	103,441,122.61	23.69	17.34	0.29
Mid Clarendon River	0.00	5,297,002.82				63.6%					
Mid Clarendon (Old Milk River)	0.00	1,305,065.52									
SUB-TOTAL (canal system less w/hout)		9,722,372.58									
TOTAL (CENTRAL REGION)	42,193.72	17,901,308.33		13,065,249.21		73.0%	5,322,867.79	348,482,725.24	19.47	26.67	0.30
TOTAL (CENTRAL REGION) less Monymusk Estate	35,718.05	17,059,019.33		12,444,979.62	673,897.54	73.0%	5,182,326.92	334,781,343.06	19.62	26.90	0.30
Hounslow	9,732.37	5,642,505.00		4,968,432.98	322,508.00	93.9%	2,027,164.00	127,176,143.17	22.54	25.60	0.36
Hounslow Demonstration Plot			4,892								
Beacon/Little Park	13,585.21	3,068,011.00		2,649,048.00	100,316.00	89.6%	1,985,217.20	87,221,723.40	28.43	31.72	0.65
Braco	2,722.00	668,393.00		578,390.01	27,933.00	91.3%	125,941.20	8,214,909.00	12.29	14.20	0.19
Braco Demonstration Plot			3,643								
Seven Rivers	0.00	57,226.21		46,747.00	8,821.00	97.2%	0.00	0.00		#DIV/0!	0.00
Holland Estate (Drainage)	33.83	348.05		340.95	0.00	98.0%	259,596.40	15,378,663.56			
TOTAL (WESTERN REGION)	26,073.41	9,436,135.21	8,535	8,242,958.94	459,580.00	87.4%	4,397,918.80	237,991,439.13	25.22	28.87	0.47
TOTAL (WESTERN REGION) less Holland Estate	26,039.58	9,435,787.16	8,535.00	8,242,617.99	459,580.00	87%	4,138,322.40	222,612,775.57	23.59	27.01	0.46
OVERALL including Monymusk & Holland Estates	141,507.79	68,890,095.08		43,408,240.05	6,731,208.45	73%	12,299,433.26	738,609,941.30	10.72	17.02	0.18

Security

There were 28 breaches across all three (Regions which required the intervention of the security team. The Eastern Region had the highest number of breaches, 14 while the Western Region recorded the lowest number with - two breaches. The breaches ranged from squatting on the canal reservation to theft of water.



Water being stolen from the canal system

Civil Works

The Civil Works Unit actioned 88 percent of issues reported against a target of 90 percent. The issues ranged from leaks, hydrant repairs, new installations, to disconnections and reconnections. Seven Hundred and eighty-nine metres of canal were rehabilitated in the Central Region and 250 metres were done in the Eastern Region. Building renovations which included tiling, plumbing and electrical works were executed on eight facilities.

Mechanical and Electrical Services

Four quarterly preventive maintenance activities were conducted as scheduled. Three premium efficiency motors were installed to ensure the Commission achieved its energy efficiency strategic target. The workshop provided support to all the Regions with fabrication, mechanical repairs, and the use of the crane truck for heavy lifting.

MANAGEMENT INFORMATION SYSTEMS UNIT

The objective of Management Information Systems is to use Information and Communication Technology (ICT) to enable improvements in NIC's business processes and provide support services to achieve corporate goals.

The strategic objectives supported by ICT included:

- Established cost containment strategies to optimize service delivery at world class levels through innovation
- Increased revenue from the sale of irrigation water buttressed by increased customer engagement and risk management
- Optimized strategy execution by strengthening governance, leadership, management, staff capacity, culture, accountability systems and industrial relations climate

Table 11. Major achievements for MIS for 2021/22

Plan 2021 -2022	Achievement	Benefit
Maintenance Management System	<ul style="list-style-type: none"> • Commenced the implementation of a Computerized Maintenance Management System (CMMS) with 85 percent completion 	<ul style="list-style-type: none"> • Automation of 'Work Orders' and 'Maintenance' procedures for Operations, Engineering, Property and Transport Departments
Business Processes Improvements (BPIs)	<ul style="list-style-type: none"> • Six major processes automated 	<ul style="list-style-type: none"> • Reduction in time to execute process and produce reports supporting Commercial Operations, Human Resources and Administration
Maintenance and support of the infrastructure to host corporate digital library.	<ul style="list-style-type: none"> • Maintenance of 27 Microsoft SharePoint Digital Libraries to serve Departments and Units 	<ul style="list-style-type: none"> • To improve document management • Instant access to documents
Management of software agreements.	<ul style="list-style-type: none"> • Maintenance of software agreements for eight mission critical business processes 	<ul style="list-style-type: none"> • Time savings in weeks for data to be available for decision making and monitoring • Business Recovery and Continuity
Integration of Geographic Information Systems (GIS) in operational processes.	<ul style="list-style-type: none"> • Continued training of relevant users for data collection and use • Full integration of GIS in the new Computerized Maintenance Management System (CMMS) 	<ul style="list-style-type: none"> • Operational efficiency of data collection and reporting • Increased automation



Management and Use of IT Resources

Table 12. Information Systems Performance Matrix for the Management of Resources.

Performance Item	Year-To-Date March 2022		
	Actual	Target	Variance
Percentage major business processes managed by Information & Communication Technology (ICT)	84	90	-6
Percentage of staff utilizing required ICT platforms	96	80	16
Percentage help desk requests satisfied within service standards	95	90	5
Number of new/improved business processes supported by IT	13	8	5
Number of IT security breaches discovered or reported by users	0	0	0
Downtime of major IT systems (Minutes)	0	0	0

STRATEGIC PLANNING UNIT

The objective of the Strategic Planning Unit (SPU) is to guide the implementation of corporate and operational planning and performance monitoring processes.

The Unit is responsible for:

- Developing and updating NIC's four-year Corporate Strategic Business Plan (rolling basis)
- Cascading strategic objectives
- Evaluating of programmes and projects
- Monitoring of corporate performance against targets
- Reviewing business process and performance
- Developing of strategies to improve performance
- Aligning of policies and procedures with corporate objectives, and
- Corporate reporting

The key activities undertaken were:

Corporate Strategic Business Plan

In keeping with the Public Bodies Management and Accountability Act (PBMA), the approved Corporate Strategic Business Plan was submitted to the Ministry of Agriculture and Fisheries (MoAF) and the Ministry of Finance and the Public Service (MoFPS) within the stated timeline. The plan was aligned to the MoAF programme: 'Building more for the agricultural sector through innovation, resilience and sustainability.'

Business Process Improvement

Strategic management software was implemented in July 2021. This automated the planning, managing, tracking, and reporting of corporate performance against targets. Departmental and Unit operational plans were managed within the platform, which provided a centralized system of tracking performance and projects milestones.

Performance Management

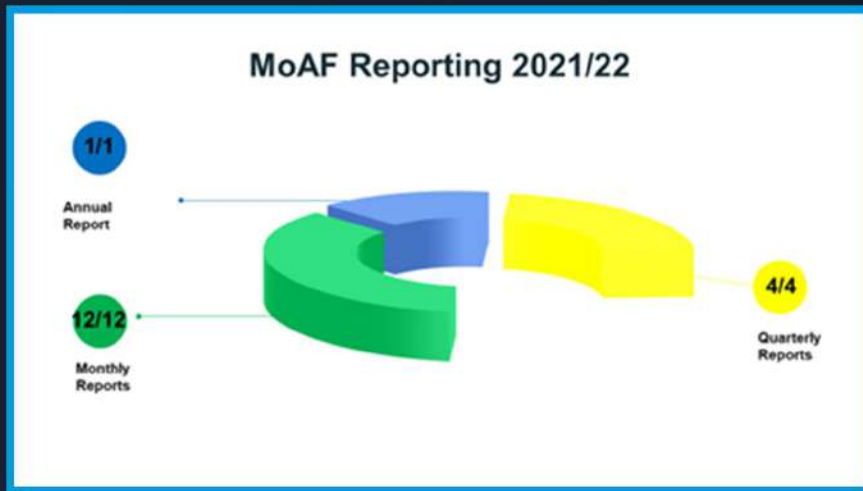
In alignment with the mandate of the Office of the Cabinet's Public Sector Transformation and Modernization programme, the Unit executed a performance management review for the Commercial Department. This initiative addressed gaps that inhibited the business processes and highlighted initiatives required to meet the goals and objectives that were off target for the year under review.

It is projected that the impact, will greatly improve the operational efficiency and exceed the projected objectives, initiatives and KPIs within the department for the 2022/23 Financial Year and beyond.

Corporate Reporting

Monthly, quarterly, and annual reports were submitted to the MoAF in keeping with the Medium-Term Strategic Policy Framework.

Chart 4



Board of Directors Reports

The Board of Directors was provided with monthly performance reports as well as reports required for Board Committee Meetings.

Corporate Performance

Chart 5

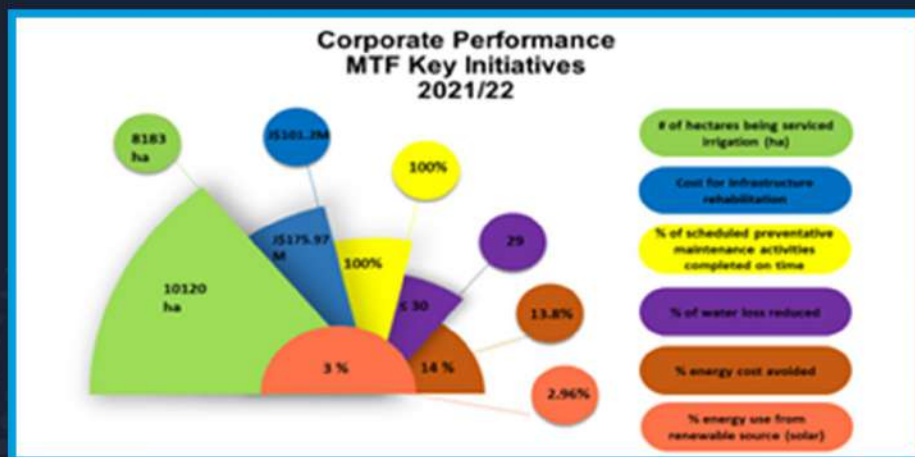
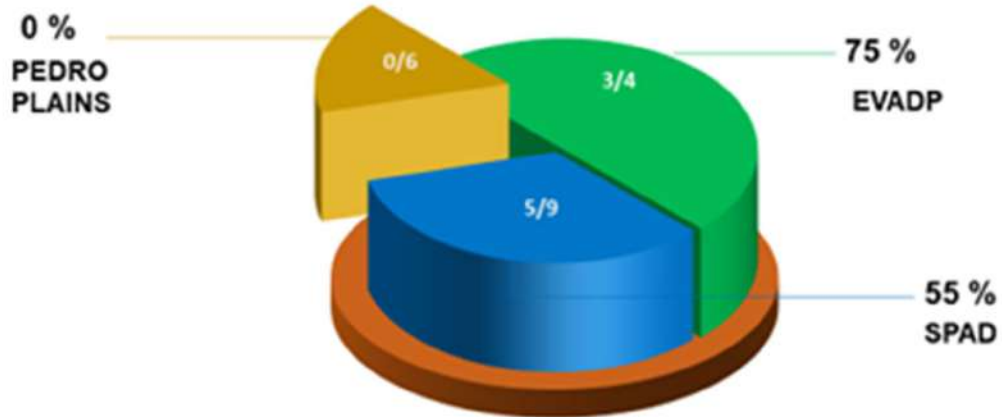




Chart 6

**Agricultural Development Projects
MoAF Initiatives Completion
FY 2021/22**



PROJECT DEPARTMENT

Overview

In line with its mandate to expand irrigation services throughout the country, the NIC developed and continued to implement irrigation projects.

During the reporting year:

- Project monitoring and implementation continued on three externally funded projects. These were: Essex Valley Agricultural Development Project (EVADP), Southern Plains Agricultural Development Project (SPAD) and South St. Catherine and Clarendon Agriculture Project (SCCADP); at a total value of £53.7M. Work also progressed on the Pedro Plains Agricultural Development Project. The Project Unit completed and closed out the South St. Catherine and Clarendon Agricultural Development Project (SCCADP), delivering the Final Engineering Designs (FDS) on two sites measuring 795 hectares in Clarendon and St. Catherine.

- Project development work continued apace on an additional six irrigated agriculture projects located in five parishes. The projects included Yallahs West, St. Thomas; Hinds Town, St. Ann; Lucky Hill Pen, St. Mary; Lennox/Lower Leyton, Portland; and Holland, St. Elizabeth.

The COVID-19 pandemic proved to be the biggest risk to the development and implementation of these projects. The implementation costs and delivery timelines of both projects were severely interrupted by supply chain issues. In response, the project managers implemented key risk management strategies including:

- Executing virtual work plans where possible, and
- Adjusting project schedules and budgets with the approval of sponsors

Projects being executed

Table 13. Implementation status and estimated cost of projects being executed

Project Title	Est. Cost *(mil)	Funding Source & Gross Area	Status	Executing Agencies
Essex Valley Agricultural Development Project (EVADP)	£35.6	UK-CIF 1,067ha	13% Project implementation executed. Water Resource development completed. The expected project completion date is June 2023. A further extension is being requested from the sponsors.	MOAF, NIC, AIC, RADA
South St. Catherine and Clarendon Agricultural Development Project (SCCADP)	£0.97	UK-CIF (GA 54/JAM) 795 hectares (ha)	100% Completion of the Final Design Studies (FDS) covering 795 ha. The outputs from SCCADP are being implemented under the Southern Plains Agricultural Development (SPAD) Project.	MOAF, NIC
Southern Plains Agricultural Development Project (SPADP)	£17.13	UK-CIF/GOJ (GA 57/JAM) 795 ha	5% of project executed. The project completion date is June 30, 2023. A further extension is being requested. Well drilling completed and several contracts have been procured.	MOAF, NIC, AIC
Pedro Plains Agriculture Development Project	US\$180	To be determined	Preliminary engineering designs completed. Environmental Impact Assessment contract being implemented.	MOAF, RADA, AIC, NIC

Essex Valley Agricultural Development Project (EVADP)

The Essex Valley Agricultural Development Project is a flagship of the Ministry of Agriculture and Fisheries and is being implemented in Southern St. Elizabeth and Manchester with the NIC and the AIC as lead agencies.

The EVADP is being implemented on 810 ha of arable lands. The project aims to promote inclusiveness in agriculture by targeting youth, women, and persons with disabilities.

Key achievements:

- Completed well drilling programme and closed contracts
- Completed Well Monitoring Information System
- Completed Cost of Service Study and Tariff Proposal
- Completed Gender-Responsive Guidelines for Mainstreaming Economic Inclusion of Vulnerable Groups in Agriculture; and Gender-responsive Training Manuals for Farmers' Group, and
- Contracted – Pipe Supply & the Installation of pipelines, Rehabilitation of Roads, and Drainage

South St. Catherine and Clarendon Agricultural Development Project (SCCADP)

Feasibility and Design Studies (FDS)

The key deliverables under this contract included conducting an Environmental and Social Impact Assessment (ESIA), Climate Vulnerability and Risk Assessment (CVRA) along with preparation of a Final Detailed Design Report (FDDR) and Tender Documents. The Final Engineering Designs for both the Bridge Pen/Amity Hall and Parnassus sites were delivered during the year by the consultants RINA SpA of Italy, along with their local partners Environmental Solutions Limited (ESL). The improvement to the Hartland Canal was deemed outside of the Terms of Reference and was completed under a contract variation by ESL in November 2021.

Table 14. Outline of Deliverables Completed under the SCCADP Contract

Deliverable	Document Composition	Date Accepted
Preliminary Report	a) Climate Vulnerability & Risk Assessment (CVRA)	Oct. 26, 2020
	b) Environmental & Social Impact Assessment (ESIA)	Feb. 11, 2021
Final Detailed Design Report	Includes design principles and parameters, Technical Specifications, Drawings, Operation & Maintenance (O&M) Manual	May 12, 2021
Tender Documents	Include Technical Specifications, Drawings, Priced Bills of Quantities (BOQs)	May 12, 2021
Hartlands Canal Re-designs	Includes design principles and parameters, Technical Specifications, Drawings	Sept. 5, 2021



Examples of biodiversity in Amity Hall Project Area.



Section of the Hartlands Canal to be rehabilitated under SPAD Project

Southern Plains Agricultural Development (SPAD) Project

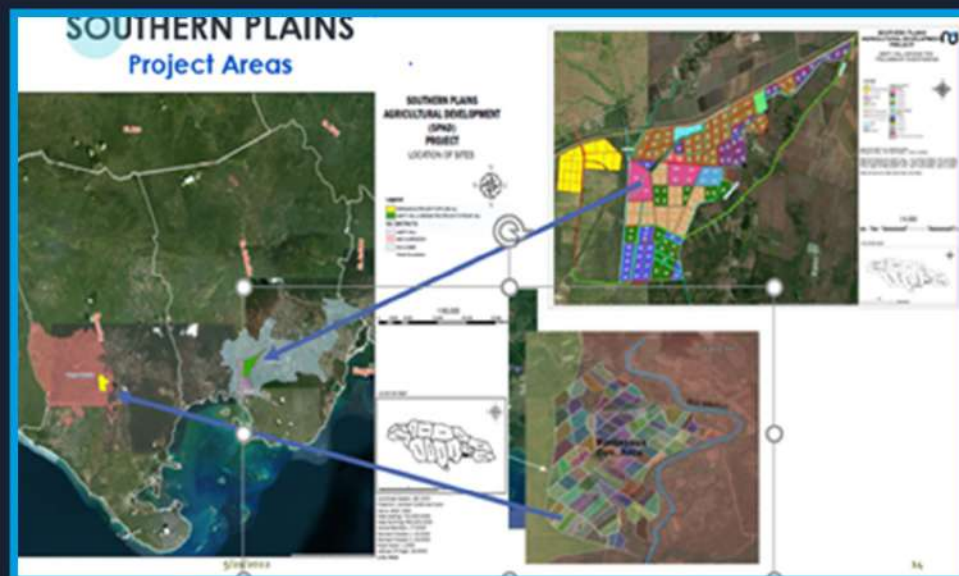
Funded by a grant from the UK-CIF which is being administered by the Caribbean Development Bank (CDB), the objectives of this project include:

- Improved irrigation, drainage, farm roads and flood control systems and enhanced agricultural production and marketing systems for approximately 795 hectares (ha) of arable lands in the Amity Hall-Bridge Pen, Catherine and Parnassus, Clarendon areas

- Expansion and improved reliability, efficiency and climate resilience of irrigation, drainage, flood control systems and farm access roads
- Strengthened commercial/market linkages for small-scale farmers including poor and vulnerable groups (women and youth)

Key achievements to date include:

- Completed drilling of three wells in Parnassus Clarendon. Yields of 421 litres per second (l/s) confirmed being higher than the required yield of 381 l/s
- Completed Land surveys
- Signed and executed contract for supply & installation of pipelines, fittings & meters/ construction of roads, and drains Amity Hall/Bridge Pen
- Completed preliminary designs for Pack Houses
- Completed and approved Matching Grant Scheme Inception report, established Producer Marketing Organization (PMO) for informal farmers in Parnassus, Clarendon
- Signed and executed contract for construction supervision



Map showing SPAD project sites - Bridge Pen/Amity Hall, St. Catherine and Parnassus, Clarendon



SPAD Project Stakeholder Consultations

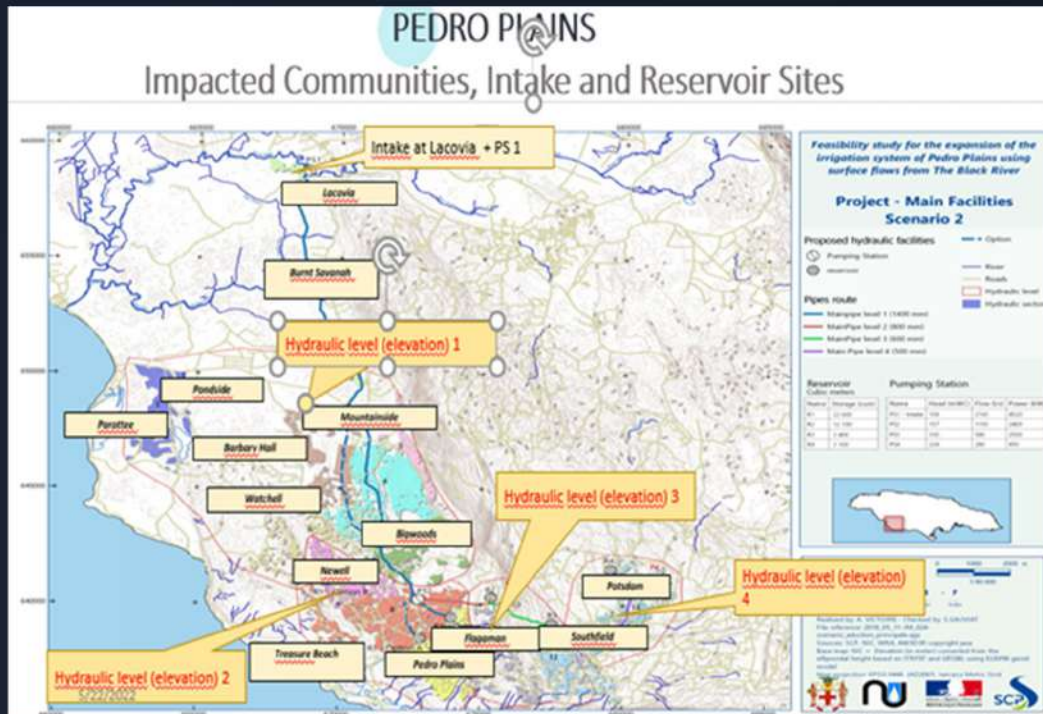


Drilling of wells, part of Irrigation Infrastructure Development Parnassus, Clarendon (SPAD)

Pedro Plains Agricultural Development Project

Work continued on the development of the Pedro Plains Agricultural Development Project in St. Elizabeth, which seeks to expand irrigated agriculture by utilizing surface flows from the Black River. The Pedro Plains has a gross area of 10,458 ha with 4,103 ha deemed irrigable. The proposed infrastructure include:

- Intake on the Black River along with a 6.15 mW Solar Photovoltaic plant; and
- A pipeline network and four reservoirs at different elevations to deliver irrigation water to each field.



Proposed infrastructure and communities to benefit from Irrigation Expansion in Pedro Plains

The project is expected to cost US\$180M to be implemented in four phases over eight years. The achievements include:

- Completed easement plans for 25.8 km of the trunk main alignment. Easement plans and associated drawings have been completed for the 179 parcels.
- Signed contract with the consultants SCP and local counterparts ESL to complete the Environmental Impact Assessment (EIA) for the project, and
- Commenced procurement of a contract to update the Preliminary Engineering Designs.

Projects Being Developed

Five major projects are being developed across the island for future implementation including an updating of the National Irrigation Development Plan (NIDP).

Table 15. Projects Currently under Development

Project	Parish	Status	Project Area (ha)	Number of farmers	Estimated Costs (J\$M)
Yallahs West	St. Thomas	Terms of Reference and Engineers Estimate prepared for water resource assessment in limestone Aquifer	168	120	365
Hinds Town	St. Ann	Water Resource Assessment completed indicating adequate groundwater availability. Project Concept Note submitted to PIMSEC for approval expected by April 30, 2021		230	4,312
Lucky Hill Pen	St. Mary	Project proposal document approved by PIAB for feasibility assessment and final engineering designs	623	95	1,183
Lennox & Low Leyton	Portland	Water resource assessment completed. PIAB Project Concept Note drafted	126	62	282
Holland	St. Elizabeth	Concept Note prepared by AIC and accepted by PIAB. Prelim. Eng. Designs Completed	935	239	

The NIC also partnered with the AIC in the submission of consultancy request proposals to the Jamaica Social Investment Fund, Second Rural Economic Development Initiative (REDI II), to conduct Feasibility Assessment and Engineering Designs at five sites.

PUBLIC RELATIONS UNIT

Corporate Objectives

- Inform and educate the public about the scope of work and achievements of the NIC
- Use information and communication as avenues for closer interaction with farmers and other water users
- Maintain a consistent flow of information regarding the NIC to all stakeholders and target groups, to promote the services of the NIC
- Work with segments of the print and electronic media to assist the NIC in reaching the wider public
- Collaborate with all Departments/Units in order to glean information to enhance communication flow internally and externally

The Public Relations Unit extended its efforts to increase stakeholder awareness and involvement with the NIC through increased communication and partnership both internally and externally.

Media Coverage

The Unit collaborated with media stakeholders to cover matters of public interest relating to the operation of the NIC. The news reports featuring irrigated agriculture in Jamaica were delivered through various news media to include television and print.

Calendar Events

The Public Relations Unit ensured, that the NIC joined in the national and global celebration in a number of calendar dates. Focus was placed on days which celebrate agriculture, water, environment, youth, and women in agriculture, eating locally and health and wellness.

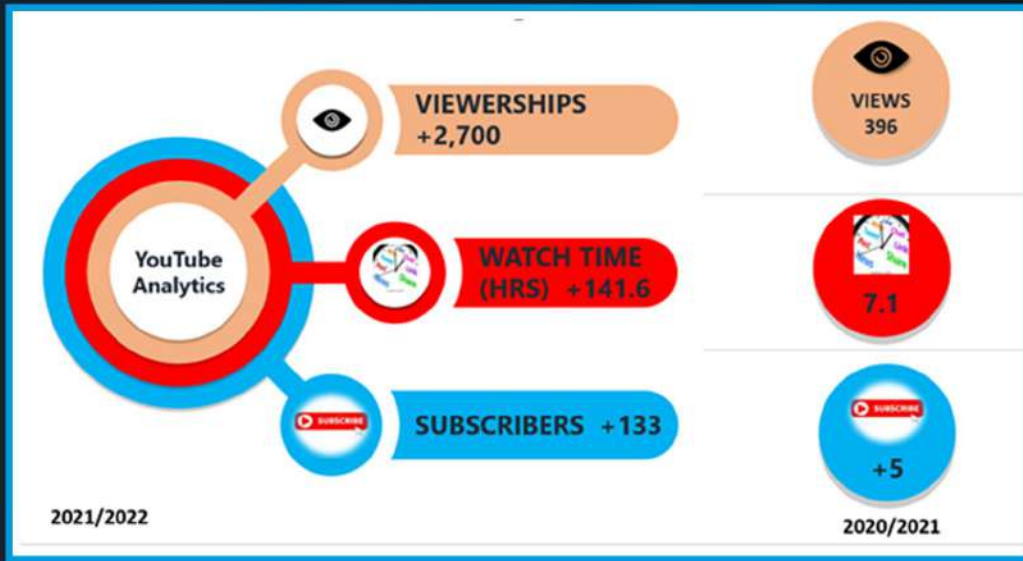
Social Media

The Commission increased its usage of social media platforms to boost brand awareness and to promote its services to an increase in user interaction with NIC social pages and surpassing targets for viewership and followers. The handle @NICJAMAICALTD was standardised for all platforms: YouTube; Twitter; Facebook and Instagram.

While all social media platforms reflected an increased followers and user interaction, Instagram and YouTube were the top platforms for the period.

NIC's Instagram followership surpassed the 1000 mark with user interaction reaching an all-time high. The chart below represents YouTube analytics for the period:

Chart 7. YouTube analytics compared to previous period



Internal Activities

The following sessions were held for NIC staff members:

- Breast Cancer Awareness
- International Men’s Day Virtual Session, and
- International Women’s Day

Table 16. Other major PR activities for 2021/22

Event	Date	Venue/Medium
World Soil Day Exhibition	December 2, 2021	Comma Pen, St. Elizabeth
Commissioning of Little Park Pump Station	December 16, 2021	Little Park St. Elizabeth
St. Mary 4H Clubs Career Expo	February 1, 2022	Charlottenburgh, St. Mary



Then Minister of Agriculture and Fisheries, Hon. Audley Shaw, along with NIC executives cut the ribbon to signal the commissioning of the Little Park Solar Pump Station in St. Elizabeth.



NIC's Commercial Manager, Lorraine Geddes-McDonald, poses with students and the principal from Bromley Primary School in St. Mary

COMMERCIAL OPERATIONS UNIT

Corporate Objectives

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

Customer Service

The Commercial Operations Department focused on a number of initiatives to improve service levels and respond to the needs of customers:

- DocuSign – Electronic Application for Non-Potable Water
- Virtual Engagement Fora
- Online web payment option
- Two ramps were established, one at Bengal Station, Trelawny and the other in Beacon, St. Elizabeth.

Water Sales

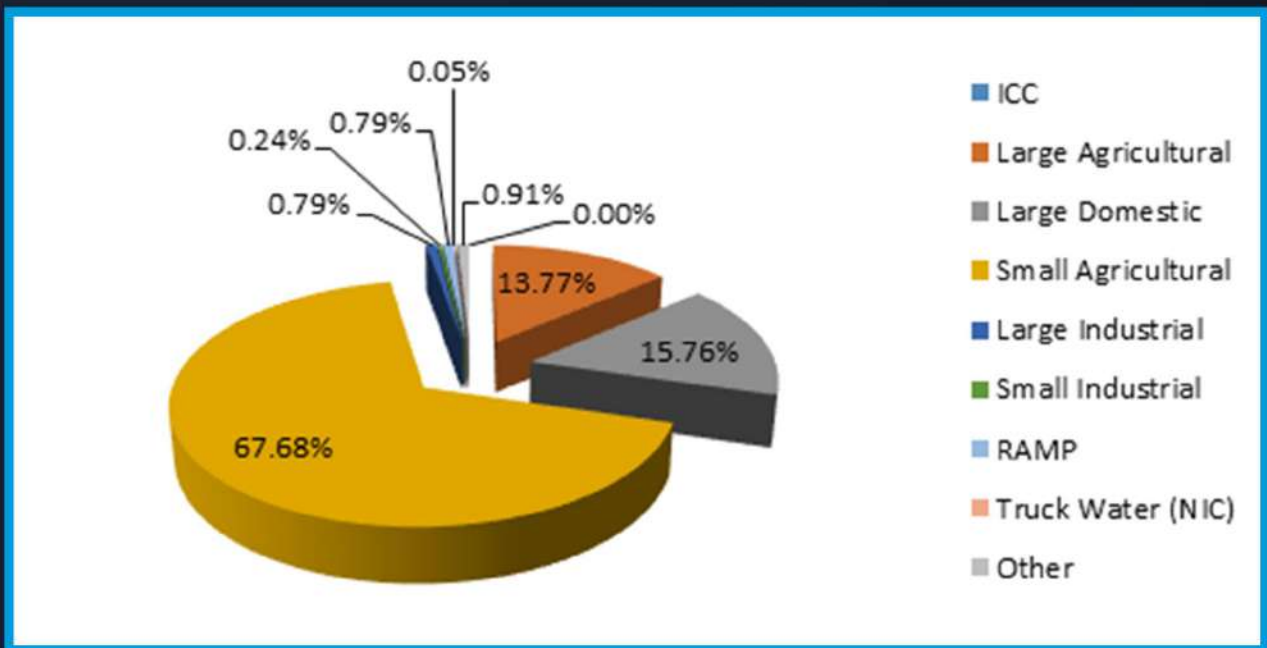
The Commission supplied approximately 44Mm³ of water during the year, with 82 percent going to large and small farmers and the balance to industrial and domestic users.

Table 17. NIC customer base: Y-T-D: March 2022

Customer Type	% of Sale	Cubic Metres Sold
ICC	0.004	1,920.00
Large Agricultural	13.77	5,929,347.52
Large Domestic	15.76	6,787,260.00
Small Agricultural	67.68	29,146,506.77
Large Industrial	0.79	341,205.00
Small Industrial	0.24	102,373.00
RAMP	0.79	341,116.24
Truck Water (NIC)	0.05	23,466.98
Other	0.91	391,538.78
Total	100.00	43,064,734.29



Chart 8.



Irrigation Water Applications

Despite the major fallout from the sugar cane industry, which significantly reduced the acreage of lands under irrigated agriculture, the Commercial Department has put initiatives in place to get these lands back into production. During the reported period there were 110 new applications for a total of 593.69 hectares of land.

FINANCE AND CORPORATE PLANNING DEPARTMENT

Corporate Objective

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

Financial Summary

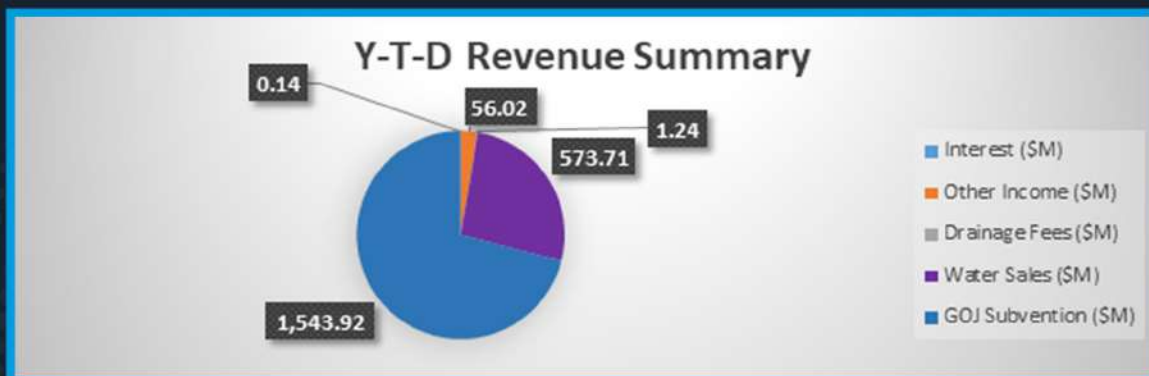
The Commission recorded a surplus of One Hundred and Twenty Nine Million, Two Hundred and Eighty Thousand Dollars (\$129.28M) for the reported period.

Revenue

Total income was \$2.18B an increase of \$200M, compared to the previous year's income of \$1.98B. This was due primarily to an increase in GOJ subvention of \$193.40M against a decline in water sales of \$25.68M for the year-to-year comparative. The table below provides a breakdown of the revenue items.

Table 18. Revenue Summary for the reported period

Revenue Items	Actual YTD	Budget YTD	Difference	Actual %	% Variance
Interest (\$M)	0.14	0.20	(0.06)	0.0%	-29.3%
Other Income (\$M)	56.02	4.40	51.62	2.6%	1172.3%
Drainage Fees (\$M)	1.24	1.24	(0.00)	0.1%	0.0%
Water Sales (\$M)	573.71	600.39	(26.68)	26.4%	-4.4%
GOJ Subvention (\$M)	1,543.92	1,526.73	17.19	71.0%	1.1%
Total	2,175.03	2,132.96	42.06	100.0%	2.0%



Operating Expenditure

Total expenses were \$2.16B; an increase of \$10.00M over the previous year's amount of \$2.06B.

The Commission's cost to produce and distribute water to farm gates amounted to \$1.68B; an increase of \$0.09M compared to the previous years of \$1.59B. Of this total costs, electricity pumping cost accounted for \$712.81M reflecting an increase from \$655.17M in the prior year. This significant increase resulted from approved tariff rates from the Office of Utilities Regulation (OUR) to JPSCo.

The NIC received funding of \$175.97M under its 'Rehabilitation & Maintenance of Irrigation Infrastructure Programme' and was able to maintain effective and reliable services to its customers. This included the acquisition of an amphibious excavator to assist with drainage operations in the Black River Morass area as well as the completion of a solar system in the western region to aid in the renewable energy initiatives. Work was conducted on the Bodles Research Station Irrigation Rehabilitation and the Bodles Research Station Domestic Rehabilitation Projects in Old Harbour, St. Catherine.

Process Improvement and Reporting Systems

Table 19. During the year the Commission implemented automated systems and processes to include:

Process	Benefit
Electronic payment to suppliers	All suppliers are now paid via electronic transfers instead of cheques
Upgrade to the Commission's Customer Relationship Management System (CRMS)	Customers' accounts are now updated in real time once a payment is made
Electronic Receipt Systems	Customers are now able to access our platform and make payments from any location at any time
Workplace Requisition	Automation of purchase requisitions and purchase orders

Other reporting systems included: Bizpay for payroll processes and Inventory Management for items utilized in the maintenance of the Commission's infrastructure.

Procurement Activities

The major procurement activities (completed/contracts awarded) for the year were:

- Supply & Delivery of Amphibious Excavator



- Replacement Pumping Equipment, Bodles Research Station Rehabilitation Project
- Supply, Programming & Commissioning of Solid-State Soft Starter, Parnassus Well, Clarendon
- Computerized Maintenance Management System
- Variable Frequency Drive & Transfer Switch, Bowers Pump Station
- Solar Retrofit of Beacon E Pump Station Beacon/Little Park

Table 20. National Irrigation Commission Limited Five-Year Statistics

National Irrigation Commission Limited Five Year Statistics					
SIGNIFICANT METRICS	\$'000	\$'000	\$'000	\$'000	\$'000
	2021/2022	2020/2021	2019/2020	2018/2019	2017/2018
STATEMENT OF FINANCIAL POSITION					
Shareholders' Equity	688,202	558,930	650,421	708,112	600,944
% Inc/(dec.) compared to prior year	23.13%	-14.07%	-8.15%	17.83%	16.50%
Total Assets	2,132,147	1,874,566	1,608,999	1,599,359	1,315,186
% Inc/(dec.) compared to prior year	13.74%	16.51%	0.60%	21.61%	5.03%
PROFIT & LOSS ACCOUNT					
Operating Revenue	2,138,866	1,951,142	1,920,651	1,806,309	1,568,249
(% Dec.)/% Inc. compared to prior year	9.62%	1.59%	6.33%	15.18%	10.61%
Accumulated Surplus	280,071	150,800	242,291	299,982	192,715
(% Decr.)/% Inc. compared to prior year	85.72%	-37.76%	-19.23%	55.66%	79.10%
IMPORTANT RATIOS					
Admin. Exps. as a % of Total Cost	22.33%	22.57%	23.82%	27.35%	24.91%
Operating Exp. as a % of Total Cost	77.67%	77.43%	76.18%	72.65%	75.09%
Electricity Exp. as a % of Total Cost	33.03%	31.90%	27.02%	25.85%	26.79%
Electricity Exps. as a % of Operating Cost	42.53%	41.20%	35.47%	35.58%	35.68%
Rates/Water Sales as a % of Total Cost	26.64%	29.24%	30.57%	35.33%	30.23%
Rates/Water Sales as a % of Operating Cost	34.30%	37.77%	40.13%	48.63%	41.19%
Total GOJ Subsidy as a % of Total Cost	71.54%	65.76%	71.04%	74.13%	70.65%
Total GOJ Subsidy as a % of Operating Cost	92.11%	84.92%	93.26%	102.04%	94.04%

INTERNAL AUDIT UNIT

The Internal Audit Unit provides the Board of Directors with an independent assurance that the NIC's risk management, governance and internal control processes are in place.

The objectives of the Internal Audit Unit are:

- Conduct independent reviews of the organization's systems and processes
- Assessment and evaluation of risks and control mechanism
- Establish systematic, disciplined approaches to evaluate and improve the effectiveness of risk management, internal controls, and governance processes in accordance with the NIC's policies and the GOJ's requirements
- Perform audits in an objective and analytical manner, in accordance with international auditing standards, and
- Furnish management with analyses, appraisals, and recommendations for improvement

Fifteen audits were completed in accordance with the Audit Plan.

The following Departments were audited:

- Engineer and Technical Services
- Finance and Corporate Planning
- Commercial Operations
- Administration and Human Resources, and
- Projects

The Internal Audit Unit reviewed the Commission's internal control processes to evaluate the adequacy and effectiveness of these controls. The associated risks were identified and assessed to determine the impact on the processes.

The processes were appraised to determine compliance with applicable statutes, regulations, and guidelines to mitigate and keep risks at an acceptable level.

The findings and recommendations were submitted to the Audit Committee and Management.



THE FILTRATION SYSTEM



KPMG
Chartered Accountants
P.O. Box 436
6 Duke Street
Kingston
Jamaica, W.I.
+1 (876) 922 6640
firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT

To the Members of
NATIONAL IRRIGATION COMMISSION LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of National Irrigation Commission Limited ("the company"), set out on pages 5 to 43, which comprise the statement of financial position as at March 31, 2022, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at March 31, 2022 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants including International Independence Standards (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
NATIONAL IRRIGATION COMMISSION LIMITED

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
NATIONAL IRRIGATION COMMISSION LIMITED

Report on the Audit of the Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
NATIONAL IRRIGATION COMMISSION LIMITED

Report on additional matters as required by the Jamaican Companies Act

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.

A handwritten signature of 'KPMG' in blue ink, written in a cursive style.

Chartered Accountants
Kingston, Jamaica

July 20, 2022

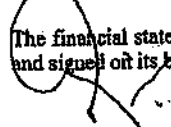
NATIONAL IRRIGATION COMMISSION LIMITED

Statement of Financial Position

March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
CURRENT ASSETS			
Cash and cash equivalents	4	269,477,324	188,259,660
Investments	5	3,486,805	3,420,753
Accounts receivable	6	164,813,055	193,043,509
Inventories	7	86,371,086	103,836,474
Income tax recoverable		29,343,430	29,300,318
Current portion of long-term receivables	8	<u>13,044,691</u>	<u>7,632,062</u>
Total current assets		<u>566,536,391</u>	<u>525,492,776</u>
NON-CURRENT ASSETS			
Long-term receivables	8	30,541,123	37,117,475
Intangible asset	10	12,821,343	9,827,592
Property, plant and equipment	11	<u>1,522,248,105</u>	<u>1,315,371,188</u>
Total non-current assets		<u>1,565,610,571</u>	<u>1,362,316,255</u>
Total assets		<u>2,132,146,962</u>	<u>1,887,809,031</u>
CURRENT LIABILITIES			
Accounts payable and accrued charges	12	432,067,464	495,255,716
Government of Jamaica project advances	13	<u>158,158,959</u>	<u>113,554,850</u>
Total current liabilities		<u>590,226,423</u>	<u>608,810,566</u>
NON-CURRENT LIABILITIES			
Deferred credit	14	824,644,910	678,690,144
Employee benefits obligation	9(a)	<u>29,074,000</u>	<u>41,389,000</u>
Total non-current liabilities		<u>853,718,910</u>	<u>720,079,144</u>
Total liabilities		<u>1,443,945,333</u>	<u>1,328,889,710</u>
EQUITY			
Share capital	15	100	100
Capital reserve	16	408,130,161	408,130,161
Accumulated surplus		<u>280,071,368</u>	<u>150,789,060</u>
Total equity		<u>688,201,629</u>	<u>558,919,321</u>
Total liabilities and equity		<u>2,132,146,962</u>	<u>1,887,809,031</u>

The financial statements on pages 5 to 43 were approved for issue by the Board of Directors on July 18, 2022 and signed on its behalf by:


 _____ Chairman
 Nigel Myrie


 _____ Director
 Anthea Gordon

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

NATIONAL IRRIGATION COMMISSION LIMITED

Statement of Profit or Loss and Other Comprehensive Income
Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Operating revenue -Water sales and drainage charges		574,948,655	600,624,105
Government of Jamaica subsidy on behalf of farmers	17	1,543,917,389	1,350,518,159
Other Government of Jamaica contribution		<u>20,000,000</u>	<u>-</u>
		2,138,866,044	1,951,142,264
Cost of producing water and distributing it to farm gates	19	<u>(1,676,207,965)</u>	<u>(1,591,362,058)</u>
Gross operating surplus		462,658,079	359,780,206
Amortisation of deferred credit	14	55,705,653	45,527,929
Other income	18	35,778,019	23,757,110
Impairment recovered (loss) on financial assets	6(iii)	11,328,834	(12,963,592)
Administrative expenses	19	<u>(481,958,020)</u>	<u>(462,421,107)</u>
Surplus (deficit) before net finance income and taxation		83,512,565	(46,319,454)
Net finance income	20	<u>387,743</u>	<u>444,366</u>
Surplus (deficit) for the year	22	83,900,308	(45,875,088)
Other comprehensive income			
<i>Item that will never be reclassified to profit or loss</i>			
Remeasurement of employee benefits being total other comprehensive loss	9(f)	<u>45,382,000</u>	<u>(45,627,000)</u>
Total comprehensive income (loss) for the year		<u>129,282,308</u>	<u>(91,502,088)</u>

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

NATIONAL IRRIGATION COMMISSION LIMITED

Statement of Changes in Equity

Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

	<u>Share capital</u> Note 15	<u>Capital reserve</u> Note 16	<u>Accumulated surplus</u>	<u>Total</u>
Balances at April 1, 2020	<u>100</u>	<u>408,130,161</u>	<u>242,291,148</u>	<u>650,421,409</u>
Total comprehensive income for the year				
Deficit for the year	-	-	(45,875,088)	(45,875,088)
Other comprehensive income				
Remeasurement of employee benefits	-	-	(45,627,000)	(45,627,000)
Total comprehensive loss for the year	-	-	(91,502,088)	(91,502,088)
Balances at March 31, 2021	<u>100</u>	<u>408,130,161</u>	<u>150,789,060</u>	<u>558,919,321</u>
Total comprehensive income for the year				
Surplus for the year	-	-	83,900,308	83,900,308
Other comprehensive income				
Remeasurement of employee benefits	-	-	45,382,000	45,382,000
Total comprehensive income for the year	-	-	<u>129,282,308</u>	<u>129,282,308</u>
Balances at March 31, 2022	<u>100</u>	<u>408,130,161</u>	<u>280,071,368</u>	<u>688,201,629</u>

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

NATIONAL IRRIGATION COMMISSION LIMITED

Statement of Cash Flows

Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Cash flows from operating activities			
Surplus (deficit) for the year		83,900,308	(45,875,088)
Adjustments:			
Depreciation	11	86,982,211	72,093,678
Amortisation of intangible asset	10	332,639	2,397,190
Inventory provision		(6,339,602)	-
Impairment reversal of trade receivables	6(iii)	(11,328,834)	(580,072)
Amortisation of deferred credit	14	(55,705,653)	(45,527,929)
Employee benefits		33,067,000	18,331,000
Interest expense		-	3,200
Interest income	20	(387,743)	(444,366)
		<u>130,520,326</u>	<u>397,613</u>
Decrease/(increase) in current assets			
Investments		(66,052)	(63,273)
Accounts receivable		39,559,388	3,185,883
Inventories		23,804,990	(32,322,039)
Income tax recoverable		(43,112)	30,233
(Decrease)/increase in current liabilities			
Accounts payable and accrued charges		(63,188,252)	140,719,681
Government of Jamaica project advances		<u>44,604,109</u>	<u>36,444,635</u>
Net cash provided by operating activities		<u>175,191,397</u>	<u>148,392,733</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(293,859,128)	(308,422,151)
Purchase of intangible assets	10	(3,326,390)	(10,919,548)
Long-term receivables		1,163,723	(779,283)
Interest received		387,743	444,366
Taxation paid		-	(30,071,812)
Net cash used by investing activities		<u>(295,634,052)</u>	<u>(349,748,428)</u>
Cash flows from financing activities			
Deferred credit, being net cash provided by financing activities	14	<u>201,660,419</u>	<u>207,347,337</u>
Net increase cash and cash equivalents		81,217,664	5,991,642
Cash and cash equivalents at beginning of the year		<u>188,259,660</u>	<u>182,268,018</u>
Cash and cash equivalents at end of the year		<u>269,477,324</u>	<u>188,259,660</u>

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

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements

Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

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 of Jamaica. The principal schemes currently in operation are Hounslow, Braco, Mid-Clarendon, Rio Cobre, Yallahs, Beacon/Little Park, Seven Rivers, Colbeck, St. Dorothy, New Forest, Yallahs IDB, Plantain Garden River and Amity Hall.
- (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

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the provisions of the Jamaican Companies Act.

Amended standards that became effective during the year

Certain new and amended standards came into effect during the year. The adoption of those standards did not impact the amounts recognized, or disclosures, in the financial statements.

Amended standards issued but not yet effective

At the date of approval of these financial statements, certain amended standards were in issue but were not effective at the reporting date and had not been early adopted by the company. The company has assessed them and determined that the following may be relevant to its operations:

- Amendments to IAS 37 *Provision, Contingent Liabilities and Contingent Assets* is effective for annual reporting periods beginning on or after January 1, 2022 and clarifies those costs that comprise the costs of fulfilling the contract.

The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. This clarification will require entities that apply the 'incremental cost' approach to recognise bigger and potentially more provisions. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)***2. Statement of compliance and basis of preparation (continued)****(a) Statement of compliance (continued)****Amended standards issued but not yet effective (continued)**

- Annual Improvements to IFRS Standards 2018-2020 cycle contain amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IFRS 16 *Leases*, IAS 41 *Agriculture*, and are effective for annual reporting periods beginning on or after January 1, 2022.
 - (i) IFRS 9 *Financial Instruments* amendment clarifies that – for the purpose of performing the ‘10 per cent test’ for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.
 - (ii) IFRS 16 *Leases* amendment removes the illustration of payments from the lessor relating to leasehold improvements.
- Amendments to IAS 1 *Presentation of Financial Statements*, will apply retrospectively for annual reporting periods beginning on or after 1 January 2023. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. A company classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period. It has now been clarified that a right to defer exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date.

With the amendments, convertible instruments may become current. In light of this, the amendments clarify how a company classifies a liability that includes a counterparty conversion option, which could be recognised as either equity or a liability separately from the liability component under IAS 32. Generally, if a liability has any conversion options that involve a transfer of the company’s own equity instruments, these would affect its classification as current or non-current. It has now been clarified that a company can ignore only those conversion options that are recognised as equity when classifying liabilities as current or non-current.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

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

(a) **Statement of compliance (continued)**

Amended standards issued but not yet effective (continued)

- Annual Improvements to IFRS Standards 2018-2020 cycle contain amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IFRS 16 *Leases*, IAS 41 *Agriculture*, and are effective for annual reporting periods beginning on or after January 1, 2022.
- (iii) IFRS 9 *Financial Instruments* amendment clarifies that – for the purpose of performing the ‘10 per cent test’ for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.
- (iv) IFRS 16 *Leases* amendment removes the illustration of payments from the lessor relating to leasehold improvements.
- Amendments to IAS 1 *Presentation of Financial Statements* are effective for annual reporting periods beginning on or after January 1, 2023 and may be applied earlier. The amendments help companies provide useful accounting policy disclosures.

The key amendments to IAS 1 include:

- requiring companies to disclose their *material* accounting policies rather than their *significant* accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company’s financial statements.

The amendments are consistent with the refined definition of material:

“Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements”.

- Amendments to IFRS 16 *Leases* are effective for annual reporting periods beginning on or after April 1, 2021, early adoption is permitted. The amendments extend the practical expedient by 12 months – i.e. allowing lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

The 2021 amendments are applied retrospectively with the cumulative effect of initially applying it being recognised in opening retained earnings. The disclosure requirements of Paragraph 28(f) of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* do not apply on initial application.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

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

(a) Statement of compliance (continued)

Amended standards issued but not yet effective (continued)

- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* are effective for reporting periods beginning on or after January 1, 2023, with early adoption permitted. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both:

- selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 *Financial Instruments*; and
- choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

- Amendments to IAS 12 *Income Taxes* are effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted. The amendments clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions.

The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

The company is assessing the impact that these amended standards will have on its financial statements when they become effective.

(b) Basis of preparation

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

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

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 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:

- Employee benefits

The amounts recognised in the statements of financial position and profit or loss and other comprehensive income for employee 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 of Jamaica 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

Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of expected credit losses (ECL) and selection and approval of models used to measure expected credit losses require significant judgement.

In determining amounts recorded for impairment of financial assets in the financial statements, management makes assumptions in determining the inputs to be used in the ECL measurement model, including incorporation of forward-looking information. Management also estimates the likely amount of cash flows recoverable on the financial assets in determining loss given default. The use of assumptions makes uncertainty inherent in such estimates.

- Residual value and expected useful life of property, plant and equipment

The residual value and the expected useful life of an asset are reviewed at least at each reporting date, and, if expectations differ from previous estimates, the change is accounted for. The useful life of an asset is defined in terms of the asset's expected value-in-use to the company.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)***3. Significant accounting policies****(a) Financial instruments**

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 and cash equivalents, investments, accounts receivable and long-term receivables. Financial liabilities comprise accounts payable and accrued charges and Government of Jamaica project advances.

(i) Recognition and initial measurement

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 nor 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.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

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

(ii) Classification of financial instruments

On initial recognition, the company classifies financial assets as measured at amortised cost or at fair value through profit or loss (FVTPL).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

All other financial assets of the company are measured at FVTPL.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*3. Significant accounting policies (continued)

(a) Financial instruments (continued)

(ii) Classification of financial instruments (continued)

Business model assessment:

In making an assessment of the objective of the business model in which a financial asset is held, the company considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of the strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the investment manager is compensated: e.g, whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

The company has determined that it has two business models:

- Held to collect business model: this includes cash and cash equivalents, accounts receivables, resale agreements and long-term receivables. These financial assets are held to collect contractual cash flow.
- Other business model: This includes units in unit trusts which is managed and its performance is evaluated on a fair value basis.

Assessment whether contractual cashflows are solely payment of principal and interest (SPPI):

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)***3. Significant accounting policies (continued)****(a) Financial instruments (continued)****(ii) Classification of financial instruments (continued)**

In assessing whether the contractual cash flows are solely payments of principal and interest, the company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the company considers the following:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- leverage features, that modify consideration of the time value of money such as periodic reset of interest rates;
- prepayment and extension features; and
- terms that limit the company's claim to cash flows from specified assets (e.g. non-recourse features).

(iii) Subsequent measurement

Financial assets at fair value through profit or loss are subsequently measured at fair value. Net gains and losses are recognised in profit or loss.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

(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.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*3. Significant accounting policies (continued)

(c) Investments

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

- (i) Securities purchased under resale agreement are short-term transactions whereby an entity buys securities and simultaneously agrees to resell them on a specified date and at a specified price. 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 carried at amortised cost less impairment losses. The difference between the purchase and resale consideration is recognised on the accrual basis over the period of the engagement, using the effective interest method.

- (ii) Units held in NCB Capital Markets CAP Funds are measured at fair value through profit or loss.

(d) Property, plant and equipment and depreciation

(i) Owned assets

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

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.

(ii) Depreciation

Property, plant and equipment, with the exception of capital work-in-progress on which no depreciation is charged, are depreciated using 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%
Motor vehicles	20%
Machinery and equipment	2½%

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

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*3. Significant accounting policies (continued)

(e) Capital grants

Grants for acquisition of property, plant and equipment and amounts 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 measured at the lower of cost determined on the first-in-first-out basis and net realisable value. Net realisable value is the estimated recovery value of the items in the ordinary course of business.

(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-employment 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.

Post-employment benefits, comprising pension obligations, included in the financial statements, are actuarially determined by a qualified independent actuary, appointed by management. The appointed actuary's report outlines the scope of the valuation and the actuary's opinion. The actuarial valuation is conducted in accordance with IAS 19, and the financial statements reflect the company's post-employment benefit asset 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 of Jamaica 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.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*3. Significant accounting policies (continued)

(g) Employee benefits (continued)

(i) Defined benefit pension plan (continued)

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) 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 of financial assets

The company recognises loss allowances for ECLs on financial assets measured at amortised cost.

The company measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

The company assumes that the credit risk on financial assets has increased significantly if it is more than 90 days past due.

The company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to action such as realising security if any is held; or
- the financial asset is more than 90 days past due.

Life-time ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*3. Significant accounting policies (continued)

(h) Impairment of financial assets (continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive).

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

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

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the company's procedures for recovery of amounts due.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)***3. Significant accounting policies (continued)****(i) Taxation**

Income tax on the surplus or deficit 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 equity 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.

(j) Accounts receivable

Accounts receivable are classified and measured at amortised 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 expense as incurred.

(l) Accounts payable and accrued charges

Accounts payable and accrued charges are measured at their amortised 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.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)***3. Significant accounting policies (continued)****(n) Related parties**

A related party is a person or entity that is related to the company.

(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.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022

*(Expressed in Jamaica dollars unless otherwise stated)***3. Significant accounting policies (continued)****(o) Revenue recognition**

- (i) Revenue from goods or services is measured at fair value of the consideration received or receivable, net of volume rebates and sales taxes.

Performance obligations and revenue recognition policies:

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

Type of revenue	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Water sales	Sales are recognised when the company has delivered water to the customer, the customer has accepted the service, and collectability of the related receivables is reasonably assured.	Revenue is recognised at the point in time when water is delivered to customers.
Drainage service	Income is recognised when the company provides drainage service to customers.	Revenue is recognised at the point when the service is delivered.

(ii) Government subvention

Government subvention is recognised in the profit or loss on a systematic basis over the periods necessary to match them with the related expenses that they are intended to compensate.

(p) Interest income and expense

Interest income is recognised in the statement of profit or loss and other comprehensive income using the effective interest method. The "effective interest rate" is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instruments to its gross carrying amount.

When calculating the effective interest rate for financial instruments, the company estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition of a financial asset.

The effective interest rate of a financial asset is calculated on initial recognition of a financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)***3. Significant accounting policies (continued)****(q) Impairment of non-financial assets**

At each reporting date, the company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

(r) Leases

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the company allocates the consideration in the contracts to each lease component on the basis of its relative stand-alone prices.

The company separated non-lease components and account for the lease and non-lease components separately.

To classify each lease, the company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*3. Significant accounting policies (continued)

(r) Leases (continued)

As a lessor

Assets held under leases were classified as operating leases and were not recognised in the company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease.

4. Cash and cash equivalents

	<u>2022</u>	<u>2021</u>
Cash	70,146	124,741
Bank balances	<u>269,407,178</u>	<u>188,134,919</u>
	<u>269,477,324</u>	<u>188,259,660</u>

Cash includes the amount of 180,228,895 (2021: \$133,750,504) received for use in specific projects and refund of customers' deposits.

5. Investments

	<u>2022</u>	<u>2021</u>
Amortised cost		
Resale agreements [see note (i) below]	1,918,166	1,894,456
Fair value through profit or loss		
Units held in NCB Capital Markets CAP Funds	<u>1,568,639</u>	<u>1,526,297</u>
	<u>3,486,805</u>	<u>3,420,753</u>

(i) Resale agreements of 1,918,166 (2021: \$1,894,456) is being held in escrow on behalf of a former employee who died intestate; and is not available to the company for operational use [see also note 12(iv)].

(ii) At the reporting date, the fair value of underlying securities used as collateral for resale agreements was \$1,887,000 (2021: \$1,862,000).

(iii) Allowance for impairment loss under IFRS 9 was immaterial for recognition in the financial statements.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*6. Accounts receivable

	<u>2022</u>	<u>2021</u>
Trade receivables for water sales and drainage charges [note 25(b)(ii)]	145,606,375	189,585,094
Staff loans	9,243,332	8,688,103
Other receivables	<u>88,727,399</u>	<u>84,865,651</u>
	243,577,106	283,138,848
Provision for impairment losses	<u>(78,764,051)</u>	<u>(90,095,339)</u>
	<u>164,813,055</u>	<u>193,043,509</u>

(i) Provision for impairment losses is in respect of the following:

	<u>2022</u>	<u>2021</u>
Trade receivables	70,438,926	81,770,214
Other receivables	<u>8,325,125</u>	<u>8,325,125</u>
	<u>78,764,051</u>	<u>90,095,339</u>

(ii) The movement in the allowance for impairment losses during the year was as follows:

	<u>2022</u>	<u>2021</u>
Balance as at April 1	90,095,339	90,675,411
Decrease in allowance for impairment	<u>(11,331,288)</u>	<u>(580,072)</u>
Balance as at March 31	<u>78,764,051</u>	<u>90,095,339</u>
Direct write-offs during the year	(2,454)	(13,543,664)
Decrease in allowance for impairment	<u>11,331,288</u>	<u>580,072</u>
Amount recognized in profit or loss	<u>11,328,834</u>	<u>(12,963,592)</u>

(iii) Staff loan balances are not past due however no expected credit loss has been recognised in these financial statements as the amounts are immaterial.

(iv) Other receivables includes deposits on property, plant and equipment of \$22,478,164 (2021: \$9,076,306).

7. Inventories

	<u>2022</u>	<u>2021</u>
Materials and spare parts	88,124,114	112,259,86
Loose tools	<u>16,469,812</u>	<u>16,139,055</u>
	104,593,926	128,398,916
Less: Provision for obsolete inventory	<u>(18,222,840)</u>	<u>(24,562,442)</u>
	<u>86,371,086</u>	<u>103,836,474</u>

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*8. Long-term receivables

	<u>2022</u>	<u>2021</u>
Refundable utility deposits	2,575,379	2,575,379
Employee loans	<u>41,010,435</u>	<u>42,174,158</u>
	43,585,814	44,749,537
Less: Current portion	<u>(13,044,691)</u>	<u>(7,632,062)</u>
	<u>30,541,123</u>	<u>37,117,475</u>

Employee loans are for the purchase of motor vehicles and are repayable over 4-8 years. The interest rate on motor vehicle loans is 0%. The loans are remeasured at commercial bank interest rate and are secured by the respective motor vehicles [see note 25(b)(iii)] on which the loans are outstanding.

9. Employee benefits

The company sponsors a defined-benefit pension plan 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) The amounts recognised in the statement of financial position are determined as follows:

	<u>2022</u>	<u>2021</u>
Present value of funded obligation	(1,870,265,000)	(1,803,206,000)
Fair value of plan assets	<u>1,841,191,000</u>	<u>1,761,817,000</u>
Liability recognised in the statement of financial position	<u>(29,074,000)</u>	<u>(41,389,000)</u>

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

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	(41,389,000)	22,569,000
Contributions paid	28,285,000	27,685,000
Pension expense recognised in profit or loss	(61,352,000)	(46,016,000)
Remeasurement recognised in other comprehensive income	<u>45,382,000</u>	<u>(45,627,000)</u>
Balance at end of year	<u>29,074,000</u>	<u>(41,389,000)</u>

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*9. Employee benefits (continued)

(c) Movement in the present value of obligation:

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	1,803,206,000	1,637,175,000
Service costs	60,561,000	49,493,000
Interest on obligation	149,043,000	104,301,000
Employees' contributions	37,230,000	35,150,000
Benefits paid	(155,724,000)	(115,200,000)
Annuities purchased	54,133,000	49,061,000
Actuarial (gains)/losses arising from:		
Changes in financial assumptions	119,432,000	(339,563,000)
Experience adjustments	(197,616,000)	<u>382,789,000</u>
Balance at end of year	<u>1,870,265,000</u>	<u>1,803,206,000</u>

(d) (i) Movement in fair value of plan assets:

	<u>2022</u>	<u>2021</u>
Fair value of plan assets at beginning of year	1,761,817,00	1,659,744,000
Employees' contributions	37,230,000	35,150,000
Employer's contributions	28,285,000	27,685,000
Interest income on plan assets	148,252,000	107,778,000
Benefits paid	(155,724,000)	(115,200,000)
Annuities purchased	54,133,000	49,061,000
Actuarial (losses)/gains arising from:		
Change in financial assumptions	10,227,000	(37,763,000)
Experience adjustments	(43,029,000)	<u>35,362,000</u>
Fair value of plan assets at end of year	<u>1,841,191,000</u>	<u>1,761,817,000</u>

(ii) Plan assets consist of the following:

	<u>2022</u>	<u>2021</u>
International equity fund	128,873,000	136,601,000
Global markets fund	22,686,000	34,460,000
Equity fund	468,893,000	466,288,000
Fixed income fund	51,534,000	40,715,000
Mortgage and real estate fund	297,665,000	264,192,000
Money market fund	36,716,000	35,423,000
Foreign currency fund	312,726,000	312,971,000
Value of purchased annuities	339,081,000	284,509,000
CPI indexed fund	<u>183,017,000</u>	<u>186,658,000</u>
	<u>1,841,191,000</u>	<u>1,761,817,000</u>

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*9. Employee benefits (continued)

(e) Expense recognised in profit or loss:

	<u>2022</u>	<u>2021</u>
Current service costs	60,561,000	49,493,000
Interest on obligation	149,043,000	104,301,000
Interest income on plan assets	<u>(148,252,000)</u>	<u>(107,778,000)</u>
Net pension expense included in staff costs (note 23)	<u>61,352,000</u>	<u>46,016,000</u>

(f) Amounts recognised in other comprehensive income:

	<u>2022</u>	<u>2021</u>
Experience adjustments	(154,587,000)	347,427,000
Change in financial assumptions	<u>109,205,000</u>	<u>(301,800,000)</u>
	<u>(45,382,000)</u>	<u>45,627,000</u>

(g) 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 \$18.30 million.

(h) 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.

	<u>2022</u>		<u>2021</u>	
	<u>1% Decrease</u>	<u>1% Increase</u>	<u>1% Decrease</u>	<u>1% Increase</u>
Discount rate	226,490,000	(176,658,000)	233,579,000	(185,689,000)
Future salary increases	(59,759,000)	67,470,000	(64,441,000)	72,518,000
Future pension increases	<u>(152,922,000)</u>	<u>176,790,000</u>	<u>(145,069,000)</u>	<u>167,682,000</u>

(i) Liability duration:

	<u>2022</u>	<u>2021</u>
Active members and all participants	<u>31 years</u>	<u>31 years</u>

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)***9. Employee benefits asset (continued)**

(j) The principal actuarial assumptions (expressed as weighted averages) used were as follows:

	<u>2022</u>	<u>2021</u>
Discount rate	8.0%	8.5%
Inflation rate	5.0%	5.5%
Future salary increases	6.5%	7.5%
Future pension increases	<u>2.5%</u>	<u>3.0%</u>

(k) The company expects to pay \$62,109,000 in contributions to the plan in 2021/2022 (2020/2021: \$66,718,000).

10. Intangible asset

	<u>Computer software</u>	
	<u>2022</u>	<u>2021</u>
Cost:		
At beginning of year	23,969,509	13,049,961
Additions	<u>3,326,390</u>	<u>10,919,548</u>
At end of year	<u>27,295,899</u>	<u>23,969,509</u>
Amortisation:		
At beginning of year	14,141,917	11,744,727
Charge for the year (note 19)	<u>332,639</u>	<u>2,397,190</u>
At end of year	<u>14,474,556</u>	<u>14,141,917</u>
Net book value	<u>12,821,343</u>	<u>9,827,592</u>

11. Property, plant and equipment

	<u>Building & leasehold improvements</u>	<u>Utility plant</u>	<u>Furniture, fixtures & equipment</u>	<u>Motor vehicles</u>	<u>Machinery and equipment</u>	<u>Capital work-in- progress</u>	<u>Total</u>
Cost							
March 31, 2020	140,457,555	2,059,872,180	210,637,812	47,576,910	27,048,744	134,215,237	2,619,808,438
Additions	<u>63,161,493</u>	<u>112,072,540</u>	<u>41,547,032</u>	<u>35,284,746</u>	-	<u>56,356,341</u>	<u>308,422,152</u>
March 31, 2021	203,619,048	2,171,944,720	252,184,844	82,861,656	27,048,744	190,571,578	2,928,230,590
Additions	39,383,249	95,641,388	17,074,939	23,643,522	82,892,883	35,223,147	293,859,128
Transfers	-	<u>34,927,104</u>	-	-	-	<u>(34,927,103)</u>	-
March 31, 2022	<u>243,002,297</u>	<u>2,302,513,211</u>	<u>269,259,783</u>	<u>106,505,178</u>	<u>109,941,627</u>	<u>190,867,622</u>	<u>3,222,089,718</u>
Depreciation							
March 31, 2020	35,550,571	1,325,209,079	133,169,530	39,177,830	7,658,714	-	1,540,765,724
Charge for the year	<u>4,028,124</u>	<u>41,387,323</u>	<u>20,863,306</u>	<u>5,139,056</u>	<u>675,869</u>	-	<u>72,093,678</u>
March 31, 2021	39,578,695	1,366,596,402	154,032,836	44,316,886	8,334,583	-	1,612,859,402
Charge for the year	<u>4,933,771</u>	<u>46,166,521</u>	<u>22,730,789</u>	<u>12,129,874</u>	<u>1,021,256</u>	-	<u>86,982,211</u>
March 31, 2022	<u>44,512,466</u>	<u>1,412,762,923</u>	<u>176,763,625</u>	<u>56,446,760</u>	<u>9,355,839</u>	-	<u>1,699,841,613</u>
Net book values							
March 31, 2022	<u>198,489,831</u>	<u>889,750,288</u>	<u>92,496,158</u>	<u>50,058,418</u>	<u>100,585,788</u>	<u>190,867,622</u>	<u>1,522,248,105</u>
March 31, 2021	<u>164,040,353</u>	<u>805,348,318</u>	<u>98,152,008</u>	<u>38,544,770</u>	<u>18,714,161</u>	<u>190,571,578</u>	<u>1,315,371,188</u>

(i) Leasehold improvements with net book value of \$37,687,096 (2021: \$39,334,185) are included in building and leasehold improvements.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*11. Property, plant and equipment (continued)

- (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.

12. Accounts payable and accrued charges

	<u>2022</u>	<u>2021</u>
Customer deposits	20,200,012	20,156,952
Trade payables	144,606,423	182,836,664
Accrued vacation leave	58,783,350	50,109,785
Provision for litigation settlement (i)	19,106,841	19,106,841
Education tax payable including interest (ii)	56,681,230	56,681,230
Other accruals (iii)	87,985,832	127,385,478
Other payables (iv)	17,601,373	15,362,876
General Consumption Tax (GCT) payable	<u>27,102,403</u>	<u>23,615,890</u>
	<u>432,067,464</u>	<u>495,255,716</u>

- (i) The movement in the provision for litigation settlement during the year was as follows:

	<u>2022</u>	<u>2021</u>
Balance as at April 1	19,106,841	19,291,097
Amounts settled	-	(3,684,2560)
Additional provision recognised	<u>-</u>	<u>3,500,000</u>
Balance as at March 31	<u>19,106,841</u>	<u>19,106,841</u>

- (ii) Education tax payable, including interest, represented amounts owed to the Tax Administration of Jamaica for the periods 2011 to 2016.
- (iii) Other accruals include amounts related to accrued electricity cost and other operating costs. It also includes amounts billed to the company for electricity charges in relation to the Monymusk Bulk Meter and paid for by Sugar Company of Jamaica Holdings Limited aggregating approximately \$79,755,542 (2021: \$99,755,542). The amount to be refunded is subject to agreement.
- (iv) Other payables include \$1,918,166 (2021: \$1,894,456) received from Sagicor Life Jamaica Limited on behalf of former employees who died intestate; this is backed by restricted funds held in investments [note 5(i)].

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)***13. 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>2022</u>	<u>2021</u>
National Irrigation Development Plan (NIDP)		
- Implementation	42,705,255	42,705,255
Canal lining and other projects	24,000,130	(38,256,345)
Covid 19 Relief Water Trucks	(284,747)	(284,747)
Pedro Plains Project	13,930,847	7,464,704
Bodles Research Station Irrigation Rehabilitation	16,792,109	69,837,793
Bodles Domestic Rehabilitation Project	31,500,760	10,465,107
Rain Water Harvesting Project	(11,000)	(11,000)
Government of Jamaica (GOJ) Agricultural Productivity Projects	25,266,820	17,375,297
Fishing Beach Projects	<u>4,258,785</u>	<u>4,258,785</u>
	<u>158,158,959</u>	<u>113,554,850</u>

14. Deferred credit

	<u>Balance at March 31, 2020</u>	<u>Movement during the year</u>	<u>Balance at March 31, 2021</u>	<u>Movement during the year</u>	<u>Balance at March 31, 2022</u>
Grant for acquisition of property, plant and equipment (net of disposals)	294,498,893	-	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	941,570,955	178,593,694	1,120,164,649	201,660,419	1,321,825,068
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 Positioning 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)	<u>33,100,318</u>	<u>28,753,643</u>	<u>61,853,961</u>	<u>-</u>	<u>61,853,961</u>
	1,494,502,459	207,347,337	1,701,849,796	201,660,419	1,903,510,215
Amortisation transferred to profit or loss	<u>(977,631,723)</u>	<u>(45,527,929)</u>	<u>(1,023,159,652)</u>	<u>(55,705,653)</u>	<u>(1,078,865,305)</u>
	<u>516,870,736</u>	<u>161,819,408</u>	<u>678,690,144</u>	<u>145,954,490</u>	<u>824,644,910</u>

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022

*(Expressed in Jamaica dollars unless otherwise stated)*14. Deferred credit (continued)

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

15. Share capital

	<u>2022</u>	<u>2021</u>
Authorised, issued and fully-paid:		
100 ordinary shares at no par value	<u>100</u>	<u>100</u>

16. Capital reserve

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

17. 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. By this means, Government subsidises irrigated agriculture.

In light of the last review conducted by the Office of Utilities Regulation, the management estimated that the subsidy would need to be \$2.313 billion (2021: \$1.415 billion) in order for the company to deliver irrigation water as required by farmers, in the context of the schemes mentioned in note 1(a). An amount of \$1.732 billion (2021: \$1.380 billion) was approved by Parliament of which \$1.544 billion (2021: \$1.350 billion) was paid to the company.

18. Other income

	<u>2022</u>	<u>2021</u>
Amortisation of interest on concessionary loans	10,465,179	8,638,365
Service fees	2,454,544	2,379,515
Fair value gains	42,341	32,683
Sales of plants	990,601	760,287
Miscellaneous	<u>21,825,354</u>	<u>11,946,260</u>
	<u>35,778,019</u>	<u>23,757,110</u>

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*19. Expenses by nature

	<u>2022</u>	<u>2021</u>
Amortisation of intangible asset (note 10)	332,639	2,397,190
Advertising and public relations	9,597,512	8,168,772
Advisory committee fees and related expenses	599,115	435,707
Bank charges	1,275,685	910,999
Computer expenses	21,598,856	13,565,821
Depreciation (note 11)	86,982,211	72,093,678
Directors' expenses	4,509,982	1,955,645
Electricity	712,812,960	655,167,620
Equipment hireage	5,022,713	13,259,238
Fuel and lubricants	8,959,597	5,454,700
General Consumption Tax (GCT)	-	394
General expenses	1,803,842	3,122,338
Haulage	2,221,313	4,542,985
Insurance	16,368,812	14,692,562
Interest on concessionary loans	3,528,736	3,541,941
Interest and penalties	342,222	-
Inventory provision- obsolete stock	(6,339,602)	-
Maintenance of conveyance system (labour)	140,843,698	158,783,683
Motor vehicle fuel, repairs and maintenance	37,616,346	34,052,237
Office maintenance, rental and property taxes	3,620,622	8,178,806
Office refreshments	3,811,979	4,029,935
Office utilities	19,659,784	17,212,617
Other expenses	24,355,082	1,568,467
Professional fees	25,466,377	19,914,039
Regulatory fees	12,979,375	12,979,075
Repairs to buildings, distribution canals, pipelines and pumps	90,120,449	82,590,147
Salaries, wages and related costs (note 23)	863,573,385	833,078,480
Security	32,963,971	43,408,016
Special projects expenses	3,627,611	10,544,156
Stationery	4,123,645	5,429,484
Subscriptions and donations	537,615	454,980
Telephone, postage, data, etc.	<u>25,249,453</u>	<u>22,249,453</u>
	<u>2,158,165,985</u>	<u>2,053,783,165</u>
Presented as follows:		
Cost of producing water and distributing it to farms	1,676,207,965	1,591,362,058
Administrative expenses	<u>481,958,020</u>	<u>462,421,107</u>
	<u>2,158,165,985</u>	<u>2,053,783,165</u>

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*20. Net finance income

	<u>2022</u>	<u>2021</u>
Finance income:		
Investments and cash and cash equivalents	47,621	56,893
Other	<u>340,122</u>	<u>387,473</u>
	<u>387,743</u>	<u>444,366</u>

21. Taxation

- (a) At March 31, 2022, taxation losses amounting to approximately \$166,469,957 (2021: \$146,179,000) 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 maximum amount that can be utilised in any one year is restricted to 50% of the taxable profits for that year.
- (d) Deferred tax asset of approximately \$31,472,068 (2021: \$64,928,000) in respect of taxation losses has not been recognised in the financial statements, due to the uncertainty that taxable profits will be generated within the foreseeable future against which the asset can be realised.

22. Surplus for the year

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

	<u>2022</u>	<u>2021</u>
Directors' emoluments		
Fees	2,965,800	1,241,400
Travelling	372,565	382,884
Other expenses	1,171,617	331,361
Auditors' remuneration	<u>6,334,500</u>	<u>6,334,500</u>

23. Employee numbers and costs

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

	<u>2022</u>	<u>2021</u>
Full-time	194	185
Part-time	26	20
Other	<u>5</u>	<u>9</u>
	<u>225</u>	<u>214</u>

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)***23. Employee numbers and costs**

The aggregate payroll costs for these persons were as follows:

	<u>2022</u>	<u>2021</u>
Salaries	516,728,834	511,292,777
Statutory payroll contributions	44,086,258	39,426,992
Pension benefit cost [note 9(e)]	61,352,000	46,016,000
Travel and subsistence, upkeep, mileage	181,722,026	175,119,331
Gratuities	2,666,185	9,814,527
Training	4,277,089	1,621,255
Accrued vacation leave	8,673,565	1,267,574
Insurance scheme	38,918,971	44,002,770
Staff welfare	<u>5,148,457</u>	<u>4,517,254</u>
	<u>863,573,385</u>	<u>833,078,480</u>

24. 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) The statement of financial position includes balances, arising in the ordinary course of business, with related parties as follows:

	<u>2022</u>	<u>2021</u>
Accounts receivable:		
Directors	292,850	338,250
Long-term receivables:		
Employee loans - key management personnel	<u>3,440,971</u>	<u>7,357,639</u>

Related party balances are interest-free and unsecured, except for long-term receivables.

- (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>2022</u>	<u>2021</u>
Compensation paid to other key management personnel:		
Salaries to other key management personnel	53,473,024	60,029,944
Post-employment benefits	<u>7,878,000</u>	<u>1,888,000</u>
	<u>61,351,024</u>	<u>61,917,944</u>
Interest income from key management personnel	<u>1,346,764</u>	<u>378,964</u>

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*25. 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 quarterly to the Board of Directors on its activities.

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, investments, trade receivables and long-term motor vehicle loans to employees.

(i) Cash and cash equivalents and investments

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

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*25. Financial risk management (continued)

(b) Credit risk (continued):

(i) Cash and cash equivalents and investments (continued)

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. Therefore, the company considers the credit risk to be low and no impairment allowance has been recognised as the amount is insignificant.

(ii) Trade receivables

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 quarterly.

Exposure to credit risk

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

	<u>Carrying amount</u>	
	<u>2022</u>	<u>2021</u>
St. Thomas	4,082,264	5,165,459
St. Catherine	74,412,774	94,097,883
Clarendon	24,486,513	40,879,164
St. Elizabeth	39,859,600	47,437,004
Trelawny	1,945,492	1,268,996
St. James	<u>819,732</u>	<u>736,588</u>
	<u>145,606,375</u>	<u>189,585,094</u>

(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.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*25. Financial risk management (continued)

(b) Credit risk (continued):

(iii) Long-term receivable (continued)

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, 2022 was \$111,141,200 (2021: \$111,842,496). The expected credit loss on long-term receivable is immaterial.

Expected credit loss assessment

The company uses a provision matrix to measure expected credit losses (ECLs) for trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates.

Loss rates are calculated based on the probability of a receivable progressing through successive stages of delinquency to write-off, current conditions and the economic conditions over the expected lives of the receivables.

The following table provides information about the exposure to credit risk and ECLs for trade receivable as at March 31.

<u>Age buckets</u>	2022			
	<u>Weighted average loss rate</u> %	<u>Gross carrying amount</u> \$'000	<u>Impairment loss allowance</u> \$'000	<u>Credit impaired</u>
0-29 days	8.15	41,341,786	4,651,868	No
30-59 days	10.34	32,706,276	3,991,311	No
60-89 days	17.27	12,210,063	2,447,497	No
Over 90 days	<u>100.00</u>	<u>59,348,250</u>	<u>59,348,250</u>	<u>Yes</u>
		<u>145,606,375</u>	<u>70,438,926</u>	
<u>Age buckets</u>	2021			
	<u>Weighted average loss rate</u> %	<u>Gross carrying amount</u> \$'000	<u>Impairment loss allowance</u> \$'000	<u>Credit impaired</u>
0-29 days	10.71	52,162,091	6,126,375	No
30-59 days	15.09	42,336,602	6,388,316	No
60-89 days	25.89	33,955,868	8,124,990	No
Over 90 days	<u>100.00</u>	<u>61,130,533</u>	<u>61,130,533</u>	<u>Yes</u>
		<u>189,585,094</u>	<u>81,770,214</u>	

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*25. Financial risk management (continued)

(b) Credit risk (continued):

Expected credit loss assessment (continued)

Cash and cash equivalents

Risks relating to cash and cash equivalents and certificate of deposits are limited because the counterparties are banks and financial institutions with high credit rating. Accordingly, management does not expect any counterparty to fail to meet its obligations.

Impairment on cash and cash equivalents has been measured at 12-month expected loss basis and reflects the short maturities of the exposures.

Long term receivables

Long term receivables include staff loans. The company has determined that these balances have low credit risks, as repayments are made via salary deductions, it has liens over motor vehicles, all borrowers are currently employed to the company and are in good standings. Management reviews recovery scenarios considering given economic conditions and the counterparties ability to repay over the expected life of the receivable. The expected credit losses are calculated on this basis.

(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 the carrying amount and may require settlement within 12 months of the reporting date. Government of Jamaica project advances represent 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. These amounts are expected to be utilised by the company in the coming year.

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.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*25. Financial risk management (continued)

(d) Market risk (continued):

(i) Currency risk

The company would be 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 had no foreign currency exposure at the reporting date.

(ii) Interest rate risk

Interest rate risk is the risk that the value or cash flows 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 at fixed rate and is carried at cost as follows:

	<u>Carrying amount</u>	
	<u>2022</u>	<u>2021</u>
Resale agreements	1,918,166	1,894,456
Employee loans	<u>9,243,332</u>	<u>8,688,103</u>
	<u>11,161,498</u>	<u>10,582,559</u>

All the company's interest-bearing financial instruments are carried at fixed rates and are measured at amortised cost; therefore a change in interest rate will not affect the carrying value of the financial instruments or the company's cashflows.

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:

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*25. Financial risk management (continued)

(e) Operational risk (continued):

- 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.

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 and Risk Management 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. There were no changes to how the company manages and measures capital.

26. 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.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*26. Fair values (continued)

Determination of fair value and fair value hierarchy (continued)

Level 3 – Valuation techniques using significant unobservable inputs.

The fair value of cash and cash equivalents, accounts receivable and accounts payable and accrued charges is assumed to approximate to their carrying value, due to their short-term nature.

The fair value of long-term receivable approximates its carrying value as no discount or premium 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 CAP Funds (note 5) are classified as Level 2 in the fair value hierarchy. The fair value has been determined by applying prices quoted by the unit trust manager.

27. Contingent liabilities

There are a number of claims against the company by various third parties. The claims are at different stages and appropriate provision are made in these financial statements when management believes that the company will be unsuccessful in its defence.

There is a claim for negligence in the amount of \$13,700,000 and one claim by a former employee for which a provision of \$5,000,000 has been made and included in accounts payable pending any settlement.

28. Capital commitments

Commitments for capital expenditure were as follows:

	<u>2022</u>	<u>2021</u>
Capital commitments	<u>158,158,959</u>	<u>112,789,707</u>

29. Impact of COVID-19 on the company's operation

The World Health Organization declared the novel Coronavirus (COVID-19) outbreak a pandemic on March 11, 2020 and the Government of Jamaica declared the island a disaster area on March 13, 2020. The pandemic and the measures to control its human impact have resulted in disruptions to economic activities, business operations and affected asset prices.

In a timely response to this emergence, the company implemented measures to reduce the impact of COVID-19 on its operations and sought to extend certain benefits to its customers and reduce disruption to its daily operations. Employees were resourced with technologies enabling them to work from home.

The demand for irrigation water continues to increase as farming activities have increased subsequent to the initial impact of COVID-19 in 2020. Farmers are responding to the increased local demand as the Ministry of Agriculture and Fisheries promotes increase production for both export and local consumption.

The company does not expect any further fall-out in its operations as the country continues its vaccination programme to control the spread of the virus.