

**National Irrigation  
Commission Limited**

*Irrigation...Making the Difference in Agriculture*

**ANNUAL REPORT | 2019-20**



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## Vision

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

## Mission

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

## Core Values

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

# CORPORATE DATA

## REGISTERED 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

### 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

## 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

# OVERVIEW OF THE NIC

The mandate of the National Irrigation Commission Limited (NIC) in accordance with the Irrigation Act 1949 is: "...to manage, operate, maintain and expand the existing and future irrigation schemes and systems as may now or hereafter be established by the Government of Jamaica or by any Department or Agency thereof... to fix and collect the rates or charges to be paid... for the use of such water."

Services are provided primarily to agricultural and industrial users in the Eastern, Central and Western Regions as follows:

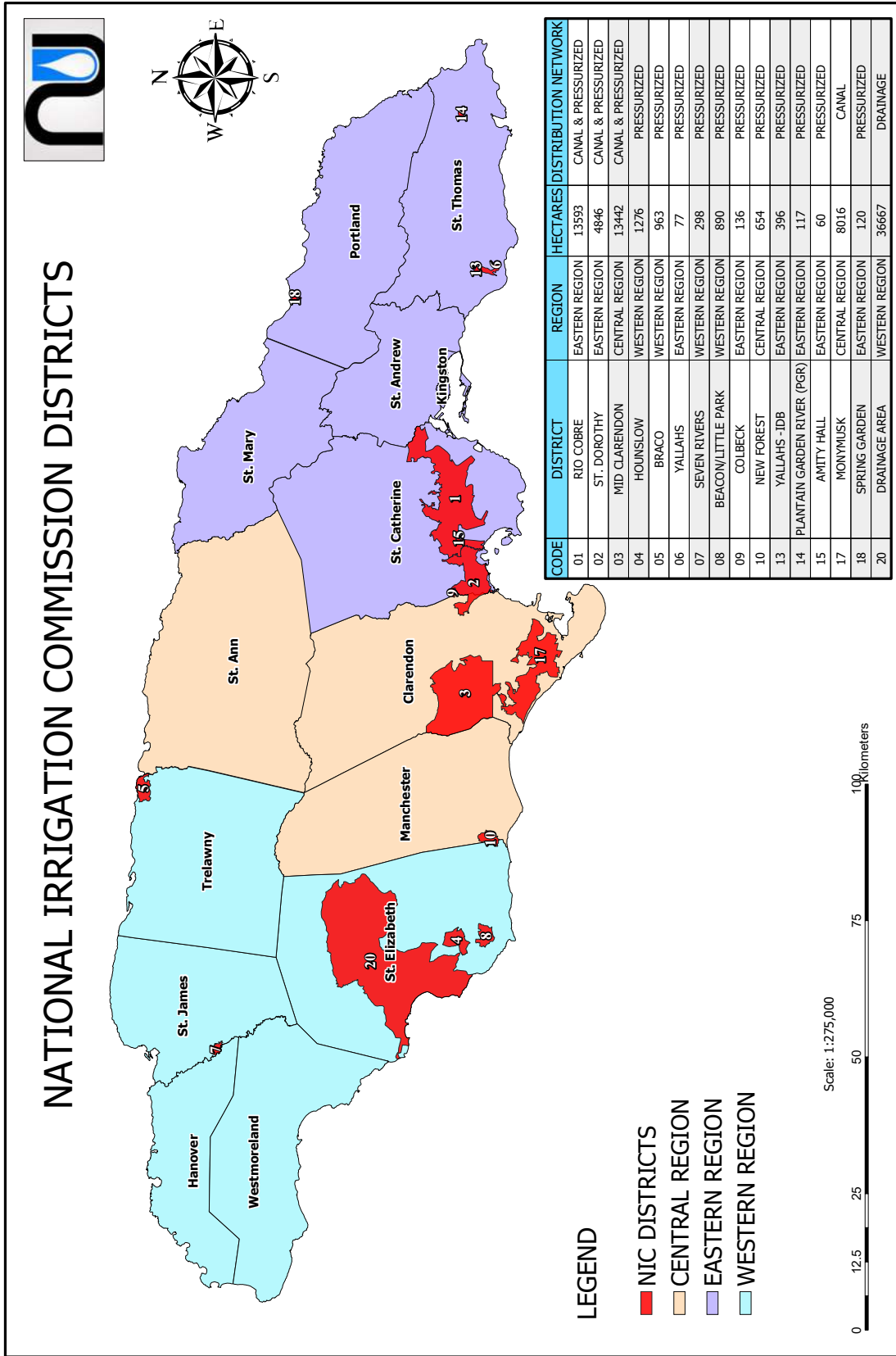
**Eastern Region:** **St. Catherine:** Rio Cobre, St. Dorothy, Colbeck and Amity Hall; Spring Garden  
**St. Thomas:** Yallahs, Yallahs IDB and Plantain Garden River.

**Central Region:** **Clarendon:** Mid-Clarendon and Ebony Park/Spring Plain;  
**Manchester:** New Forest/Duff House

**Western Region:** **St. Elizabeth:** Hounslow and Pedro Plains (Beacon/Little Park);  
Black River Upper & Lower Morass (Drainage Area);  
**St. James:** Seven Rivers;  
**Trelawny:** Braco.

The NIC is governed by a 15-member Board of Directors. The Chief Executive Officer, as the responsible and accounting officer, manages the day-to-day operations of the Agency. The Divisions/Units of the NIC are Administration and Human Resources, Engineering and Technical Services, Public Relations, Project Unit, Management Information Systems, Commercial Operations, Finance and Corporate Planning and Internal Audit.

# MAP OF IRRIGATION DISTRICTS



# MINISTER'S MESSAGE



**Hon. Audley Shaw, CD, MP**

Minister of Industry, Commerce,  
Agriculture and Fisheries (MICAFA)

A handwritten signature in white ink, appearing to read 'Audley Shaw', positioned below the printed name and title.

As an agency under the Ministry of Industry, Commerce, Agriculture and Fisheries, the National Irrigation Commission Limited (NIC) plays a vital role in agro industry.

Indeed the Government has injected a vast amount of capital, human and other resources into the development of a viable and sustainable national irrigation network that is the lifeblood of agriculture. Additionally, the Government will continue to utilise cutting edge technology in keeping with good agricultural practice world-wide.

In order to achieve this we have increased the budgetary allocation to the NIC, enabling it to expand and improve its capacity to better serve a growing demand for safe and reliable irrigation supply to our more than 200,000 farmers.

This improvement in capacity and modernisation has been central to the Government's development in the southern areas of St. Elizabeth and Clarendon; Greater Bernard Lodge in St. Catherine and Innswood in which some 1,214.06 hectares of farmland are being cultivated utilising Israeli technology.

With financial support from the French and United Kingdom (UK) Governments, as well as the Caribbean Development Bank (CDB), the Government of Jamaica, through the NIC, intends to aggressively expand its irrigation programmes amid higher temperatures and other factors associated with climate change. This is another vital strategy being pursued by the Government, among several others, to boost food security and strengthen the country's resilience against yearly drought.

This Administration will continue to work with our international partners and local stakeholders to improve and expand the NIC's capacity to provide irrigation to all Jamaicans seeking to utilise its service.

I must commend the NIC Board of Directors, the Chief Executive Officer and general staff for their tremendous dedication towards this very vital agenda designed to achieving economic growth and prosperity for all Jamaicans.

# CHAIRMAN'S MESSAGE



**Senator Aubyn Hill**

Chairman

Fiscal year 2019/20 has been a success for the National Irrigation Commission (NIC) notwithstanding other challenges particularly in the last quarter.

As the world moves further into automation and digitisation, we at the Board level are proud to say that the NIC is playing its part. In this regard, the Commission has made substantial investment in the automation of its processes in an effort to serve its stakeholders more efficiently. This is a vital part of our contribution to the national growth agenda.

The NIC is acutely aware that a strong, robust irrigation system is a key pillar upon which a well-developed agricultural sector is built.

Through internal and external funding agencies, over US\$221 million was sourced for investment in four major developmental projects across the island; Essex Valley Agriculture Development, Southern Plains Agriculture Development, South St. Catherine and South Clarendon Agriculture Development and Pedro Plains. When complete these projects will impact irrigated agriculture development on 5,900 hectares of land serving 5,000 farmers.

With electricity pumping cost accounting for 35 percent of our annual budget, the NIC continues to pursue its major energy efficiency drive. This will redound to real savings for the country.

Our commitment toward this goal is self-evident in the commissioning of solar powered grid-tied systems at four of our locations, Bengal, Ebony Park Pumping Station, Hounslow and St. Dorothy Office retrofits. A total of J\$56.3 million has been expended on these projects with an anticipated average payback period of six years. This is derived from an average cost avoidance of J\$9.63 million over a one-year period.

Our accomplishments for the period have been attained through careful research, planning and execution by all involved and speak volumes of a group of committed team members who are keen on playing their part in advancing the organisation and the country as a whole.

Be assured that the Board of Directors will remain resolute in ensuring that the NIC, by way of advanced innovation, information and communications technology, improved staff competency and partnership with stakeholders, achieve its mandate of being the regional leader in the provision of world-class irrigation services.

# CHIEF EXECUTIVE OFFICER'S MESSAGE



**Joseph Gyles, J.P**

Chief Executive Officer

The National Irrigation Commission (NIC) remains true to its mandate of consistently delivering high quality irrigation services, driven by competent staff, technology, innovation and collaboration with partners.

This was demonstrated via invaluable gains made through the increase in human resource and technical capacity/competence as well as infrastructural development.

By modernising the institutional framework in which the organisation operates, the foundations are now in place to complete the transformation of the NIC into the digital age. The main areas of focus were finance and accounting, research and data collection and human resources management.

In keeping with the Government's efforts to reduce carbon emission, the installation of Solar Photovoltaic (PV) systems have contributed to this effort with 314 metric tonnes. The result of this will see us slashing our energy usage by J\$9.63 million per annum.

The Commission embarked on staff improvement initiatives resulting in 80 percent of our staff participating in a series of development workshops geared towards strengthening the capacity of the workforce. We remain unwavering in our continued support to our staff through our flagship scholarship programme where J\$1 million was disbursed towards the educational needs of 10 students who are children of employees.

Recognition must be given to the Board of Directors, Management and Staff for their indelible commitment and contribution to the success of this organisation over the year.

It is imperative that we continue to work together and never lose sight of the collective goal of the NIC in building a viable irrigation system, which contributes to the growth, development and sustainability of our nation's economy.

# BOARD OF DIRECTORS



Senator Aubyn Hill  
**Chairman**



Dr. Horace Charoo  
**Deputy Chairman**



Anthony Masters, Jr.



Theresa Turner



Nigel Myrie



Jacqueline McKenzie Pink

# BOARD OF DIRECTORS



Krishan James



Sharon Williamson



Ralden Bellanfante



Harvey D'Aguiar



Douglas Cupidon



Venice Williams Gordon  
**Corporate Secretary**

# DISTRICT ADVISORY AND MONITORING COMMITTEES

## ST. ELIZABETH

Krishan James - Chairman  
John Davis  
Orlando Nembhard  
Nathan Samuels  
Denese Palmer  
Aslyn Parchment  
Nathan Samuels  
Sylton Sibblis  
Chandia Walters  
Neil Wright

## ST. CATHERINE

Theresa Turner - Chairman  
Trevor Garvey  
Andre Griffiths  
Jennifer Hull  
Keith Knight  
Carlene Martin  
Sydney Roman  
Cecil Taylor

## MID-CLARENDON

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



# EXECUTIVE MANAGEMENT TEAM



Joseph Gyles, JP  
**Chief Executive Officer**



Wayne Barrett  
**Director of Commercial  
Operations**



Rohan Stewart  
**Director of Engineering and  
Technical Services (Actg.)**



Milton Henry  
**Project Director (Actg.)**



Edgar Watson  
**Director of Finance and  
Corporate Planning**



Viola Cammock  
**Director of Administration  
and Human Resources**

# DIRECTORS' COMPENSATION

**Table 1:**

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 (\$)
<b>Chairman: (Current)</b> Aubyn Hill	203,500.00	58,264.80	-	-	261,764.80
<b>Deputy Chairman: (Current)</b> Dr. Horace Charoo	136,000.00	-	-	-	136,000.00
<b>Statutory Director: (Current)</b> Anthony Masters	215,350.00	241,230.00	-	-	456,580.00
<b>Statutory Director: (Current)</b> Jacqueline McKenzie Pink	134,050.00	55,440.00	-	-	189,490.00
<b>Statutory Director: (Current)</b> Douglas Cupidon	95,500.00	4,536.00	-	-	100,036.00
<b>Statutory Director: (Current)</b> Harvey D'Aguilar***	126,650.00	279,480.00	-	-	406,130.00
<b>Statutory Director: (Current)</b> Krishan James	126,850.00	262,386.00	-	-	389,236.00
<b>Statutory Director: (Current)</b> Nigel Myrie	252,350.00	501,480.00	-	-	753,830.00
<b>Statutory Director: (Current)</b> Ralden Ballanfante	121,100.00	189,238.00	-	-	310,338.00
<b>Statutory Director: (Current)</b> Sharon Williamson	121,100.00	14,918.40	-	-	136,018.40
<b>Statutory Director: (Current)</b> Theresa Turner	123,050.00	84,591.00	-	-	207,641.00
<b>TOTAL A</b>	<b>1,655,500.00</b>	<b>1,691,564.20</b>	<b>-</b>	<b>-</b>	<b>3,347,064.20</b>
<b>BOARD SUB-COMMITTEE COMPENSATION (B)</b>					
Horace Buckley; <b>Rep. Science, Technology, Energy and Mining; Committee - Projects, Energy and Technology</b>	38,850.00	3,880.80	-	-	42,730.80

<b>Position of Director</b>	<b>Fees (\$)</b>	<b>Motor Vehicle Upkeep/Travelling or Value of Assignment of Motor Vehicle (\$)</b>	<b>Honoraria (\$)</b>	<b>All Other Compensation including non-Cash Benefits as applicable (\$)</b>	<b>Total (\$)</b>
Lancelot White; <b>Rep. Sugar Industry Research Institute Committee – Projects, Energy and Technology</b>	44,400.00	108,462.00	-	-	152,862.00
<b>TOTAL B</b>	<b>83,250.00</b>	<b>112,342.80</b>	-	-	<b>195,592.80</b>
<b>TOTAL A and B</b>	<b>1,738,750.00</b>	<b>1,803,907.00</b>	-	-	<b>3,542,657.00</b>

# SENIOR EXECUTIVES' COMPENSATION

**Table 2:**

Position of Senior Executive	Year	Salary (\$)	Travelling Allowance (Upkeep)	Acting Allowances (\$)	Total (\$)
<b>Chief Executive Officer</b> Joseph Gyles	2019/2020	7,420,625	-	2,330	7,422,955
<b>Director 1 Finance &amp; Corporate Planning</b> Edgar Watson	2019/2020	5,653,582	1,697,148	38,234	7,441,044
<b>Director 2 Commercial Operations</b> Wayne Barrett	2019/2020	5,653,584	1,697,148	-	7,436,852
<b>Director 3 Project Director (Acting)</b> Milton Henry	2019/2020	6,694,709	1,697,148	477,182	9,075,373
<b>Director 4 Administration &amp; Human Resources</b> Viola Cammock	2019/2020	5,393,303	1,697,148	-	7,093,177
<b>Director 5 Engineering &amp; Technical Services (Acting)</b> Rohan Stewart	2019/2020	4,031,168	1,611,137	389,362	7,065,549
<b>TOTAL</b>	-	<b>34,846,971</b>	<b>8,399,729</b>	<b>907,109</b>	<b>45,534,949</b>

# ADMINISTRATION & HUMAN RESOURCES DIVISION

## CORPORATE OBJECTIVES

- To develop a cadre of professionals through human resources programmes which support and expand staff competences 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 the protection of its assets and to provide an efficient support system through general office services.

During the year under review, the organisation received the approval from the Ministry of Finance & the Public Service for the review of the organisation structure.

The Commission continued the process of automating business processes within various Divisions, and the Administration Division embarked on the following initiatives as outlined:

- (i) Automation of Human Resources (HR) processes by partnering with the Information Systems Department in introducing and implementing the HR Plus Software.
- (ii) Digitisation of documents for filing to a digital format in all Departments/Units and implementing an Electronic Filing System on Sharepoint.

The Division collaborated with the Energy Unit to reduce the electricity expenses for the offices islandwide. This resulted in savings of \$2.3 Million for the financial year. Cost savings were realised from the initiatives below:

- Air conditioning upgrades from standard type to inverter
- Lighting upgrades from fluorescent to light-emitting diode (LED) bulbs for indoor and outdoor fixtures;
- Insulation improvement from solar film (tint) installation on windows
- Solar installations at Hounslow, St. Dorothy and Operation Centre (OPC) offices.

The Division provides oversight for the following:

- Human Resources Management and Industrial Relations,
- Training and Development,
- Property, Transport, Occupational Safety and Health,
- Administration and Office Services.

## HUMAN RESOURCES DEPARTMENT

### SCHOLARSHIP AWARDS PROGRAMME

The National Irrigation Commission Limited in recognition of its corporate and social responsibility continues with its Scholarship Awards programme, launched in 1998 with a sole award at the 5<sup>th</sup> form level of Secondary Education valued at J\$25,000.00. Currently, ten awards including book vouchers are granted totalling One Million Dollars [\$1M] for the financial year.

The Scholarship Programme helps to promote three of the core values of NIC: (i) Excellence – excellent performance of our children; (ii) Commitment – dedication in supporting the development of our children; and (iii) Teamwork – partnership with critical stakeholders including our staff and Unions who negotiate fervently for the nurturing and growth of the scholarship programme.

The scholarships are awarded to selected recipients who are children of employees. The recipients must all have outstanding academic performance, excellent conduct, involvement in extra-curricular activities, among other criteria.

The Commission is proud of this endeavour and is committed to the budgetary allocation each year.

The ceremony was held at Hotel Four Seasons where Hon. Minister Floyd Green delivered an impactful keynote address.

**Table 3: Scholarships Awards 2019/2020**

Category	# of Awards	Value of Award (J\$)	Total Value (J\$)
<b>Fortnightly</b>			
Secondary	3	\$100,000	\$300,000
Tertiary	1	\$150,000	\$150,000
<b>Monthly</b>			
Secondary	2	\$100,000	\$200,000
Tertiary	2	\$150,000	\$300,000
Other Awards	2	\$25,000	\$50,000
<b>GRAND TOTAL</b>	<b>10</b>	<b>N/A</b>	<b>\$1,000,000</b>

**Table 4: Secondary Scholarships valued at J\$100,000 each**

Awardees	NIC Employee	Position
Sherice Hylton	Joslyn Brown	Systems Operator
Zinadine Brown		
Rowlene Walters	Millicent Brown	Office Attendant
Jada Francis	Sashae Hosine	Accounting Officer
Abigail Allen	Noel Allen	Network Administrator

**Table 5: Tertiary Scholarships valued at J\$150,000.00 each**

Awardees	NIC Employee	Position
Kenyata Thomas	Michael Thomas	Systems Operator
Crystal Laird	Nadine Bryant	Typist
Martina Taylor	Paula Sterling – Taylor	Administrative Assistant

**Table 6: Other Awards valued at J\$25,000.00 each**

Awardees	NIC Employee	Position
Aliyanna Folkes	Jhakianne Garnet Folkes	Administrative Assistant
Matthew Thompson	Horace Thompson	Security Supervisor



Minister of State in the Ministry of Industry, Commerce, Agriculture and Fisheries, Hon. Floyd Green (fourth left), and Chief Executive Officer of the National Irrigation Commission (NIC), Joseph Gyles (second right, back row), with recipients of the NIC scholarships and grants valued at more than \$1 million, at the awards ceremony held at the Four Seasons Hotel in St. Andrew on January 30, 2020.



Parents and recipients of the National Commission (NIC) scholarships and grants valued at approximately \$1,000,000, display their certificates at the awards ceremony at the Four Seasons Hotel on January 30, 2020.

## TECHNOLOGY INTEGRATION

The Human Resources (HR) Department has implemented the HR Plus software as part of NIC's thrust to integrate technology and automate job processes. Some of the major features and capabilities of HR Plus Software include:

- Online leave applications and approvals
- Online access to staff data and health insurance benefits
- Integrated staff database
- Digital staff files

## STAFFING

The HR Department is committed to attracting and retaining competent staff with the capacity to contribute to organisational development. With a staff complement of 218 employees, the Commission maintained a retention rate of 75% and 22 new employees were added to the organisation.

## INDUSTRIAL RELATIONS

NIC maintains a harmonious relationship with the Unions in the midst of ongoing negotiations for wage and fringe benefits for the respective staff groups. Four Unions are actively engaged in the process:

- Jamaica Association of Local Government Officers (JALGO)
- University and Allied Workers Union (UAWU)
- National Workers Union (NWU)
- Bustamante Industrial Trade Union (BITU)

## STAFF ACHIEVEMENTS

### NIC celebrates with the staff on their scholastic achievements:

- Tiffany Augustine on successful completion of Master of Laws Degree in Commercial and Corporate Law (LLM, Distinction)
- Carlington Darby on successful completion of Associate Degree in General Agriculture
- Havelock Binns on successful completion of Associate Degree in General Agriculture



Tiffany Augustine



Carlington Darby



Havelock Binns

## TRAINING AND DEVELOPMENT UNIT

### STAFF DEVELOPMENT

A number of capacity building programmes for staff were implemented by the Training and Development Unit. These programmes were designed to support and achieve the strategic objective of the organisation. Thirty (30) programmes were targeted and thirty-six (36) were implemented with a total of one hundred and ninety-seven (197) staff members trained over the period.

These employees participated in in-house training as well as external courses, workshops and seminars. The table below shows the breakdown of training activities.

**Table 7:**

Quarter	Number of Training Initiatives Targeted	Number of Participants Trained*	Number of hours	Approximate number of Staff trained for the year	Comments
April – June 2019	9	189	147	<b>197 staff members (Approximately 83%.)</b>	<b>Overall targets have been exceeded.</b>
July - September 2019	7	240	126		
October - December 2019	12	95	233		
January - March 2020	8	80	91		
<b>Total</b>	<b>36</b>	<b>604</b>	<b>597</b>		

\*The numbers represent persons who are participants in several programmes.

Training initiatives during the year included:

- Labour Laws & Industrial Relations
- Report Writing
- Safety Management
- Supervisory Management
- Unmanned Aircraft Vehicle (UAV- drone)
- Cybersecurity
- Receivables Management
- Conflict Management
- Retirement Planning
- Customer Service
- Geographic Information Systems (GIS)
- Health & Wellness
- Electronic Procurement
- Administrative Management



**Writing Notes and Setting Standard for Producing Minutes - Administrative Assistants**



**Customer Service Training for Office Attendants and Drivers**

## PROPERTY, TRANSPORT AND OCCUPATIONAL, SAFETY & HEALTH DEPARTMENT

### TRANSPORT - FLEET VEHICLES

The Transport Unit cost-cutting initiative on petrol consumption for 27 motor vehicles continues to be successful since its implementation in October 2014. The year to date average savings on the use of petrol for the period April 2019 to March 2020 is 26.92%, which is above the target of 10%. The new financial year's budget will reflect the reduced expenditure.

### PROPERTY

The Property Department along with Administration and Legal Services continue to work on the Vesting Project. The National Land Agency has responded favourably to the Commission's request for lands identified to be vested and land surveyors are now being engaged to prepare pre-checked plans. The Department continues to target public lands occupied by the Commission with irrigation infrastructure such as pump houses, canals and pipelines for the distribution of untreated water.

### OCCUPATIONAL SAFETY & HEALTH (OSH)

The Safety Unit focused on the identification and mitigation of workplace hazards with emphasis being placed on safety risk assessment.

From these risk assessments, the following areas were identified and addressed:

- Safety inspection: 24 safety inspections were conducted covering:
  - o Offices and Pump Facilities
  - o Various work sites
- System Operators: Targeted training for System Operators within all Districts in the wearing of approved motorcycle safety helmets.
- First Aiders: The training of 7 new first responders (First Aiders) and also the re-certification of 19.
- Safety induction: Safety induction conducted with new drivers of fleet vehicles.
- Fire emergency and response: Fire emergency systems upgrade - Hounslow, Yallahs and Braco offices.
- PPE: Improvement in the provision of Personal Protective Equipment (PPE) to employees.

## ADMINISTRATION & OFFICE SERVICES DEPARTMENT

The Department continues to provide office services support by ensuring a clean working environment, adequate furniture and equipment, and an efficient and reliable courier service to internal and external customers.

In keeping with the mandate to automate the processes of the Commission, an Administration Registry and Call Log Application System were installed. This has resulted in significant increase in efficiency in the tracking of incoming and outgoing mail and telephone calls.

The Department continues to implement cost saving measures in an attempt to reduce administration expenses in particular, stationery and office supplies. There were savings of 52% in the cost of stationery and office supplies. This was partly due to the implementation of the electronic pay advice eliminating the procurement of stationery and pre-ordering of cheque leaves.

## LEGAL SERVICES UNIT

The Legal Services Unit has oversight for:

- Implementation of strategies to protect the Commission's irrigation infrastructure through securing lands for reservations and the acquisition of proprietary interests via purchase and/ or easements;
- Execution of the Vesting Project to acquire lands occupied by the Commission which were not transferred at the time of incorporation;
- Provision of property values for the purpose of insurance;
- Managing litigation and negotiating claims against the Commission in a cost effective manner; and
- Facilitating effective corporate governance mechanisms.

### VESTING PROJECT

The NIC is required, under Sections 16 - 18 of the Irrigation Act, to register its interest in properties within the declared irrigation schemes by way of a Vesting Order.

The Vesting Programme aims to determine the locale and condition of the infrastructure owned and controlled by the Commission, the ownership of lands upon which these infrastructure have been established and to implement a plan of action to guide the acquisition of the identified properties. The main benefit of this project will be the consolidation of the organisation fixed asset portfolio.

During the year the Vesting Project focused on the Mid-Clarendon Irrigation Area. Of the parcels of land identified, 5% is owned by the Commissioner of Lands for which a Vesting Order can be executed, 30% is being surveyed for the production of a pre-check plan to identify the NIC's area of interest, 3% is privately owned and the remaining 62% requires a title search exercise to be conducted at the National Land Agency (NLA).

# ENGINEERING AND TECHNICAL SERVICES

## CORPORATE OBJECTIVES

The objectives of the Engineering and Technical Services Division are to improve efficiencies in 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 our customers;
- Develop engineering designs and implement irrigation projects;
- Implement an energy management programme throughout the organisation;
- 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.

## WATER PRODUCTION

Water production is one of the key performance indicators. The total volume of water produced was 60,189,545 m<sup>3</sup> as shown in Table 9. The Eastern Region accounted for the highest volume with 32,520,690.62 m<sup>3</sup> or 54.5%, Central Region 18,244,364.53 m<sup>3</sup>, Western Region 8,501,403.00 m<sup>3</sup> and Monymusk 1,018,038.00 m<sup>3</sup>.

While recoveries for the pressurised and open canal systems were below target, these performed within 5% of their targets. The NIC invoiced 71% of its total production and met the total recovery target of 70%.

**Table 8:**

System Operated	Target Recovery (%)	Actual Recovery (%)
Open Canal	70	66
Pressurised	90	87

**Table 9: Water Production vs. Invoicing Report**

PRODUCTION VERSUS INVOICING BY DISTRICT APRIL 2019 - MARCH 2020												
Location	Pump Hours	Produced (m3)	Aquifer Recharge Delivered	Invoiced (m3)	Prepayment	%Age Invoiced	Inv. Target (%)	Energy used (kWh)	JPSCO Energy Cost (\$)	Energy Cost (\$/m3) Prod.	JPSCO Energy Cost (\$/m3) Inv.	kWh/m3 produced
Spring Village	10,459.80	1,478,273.20		1,454,267.80		98.4%	90%	73,803.39	3,323,697.95	2.25	2.29	0.05
Sandy Bay	2,255.50	591,157.38		516,193.51		87.3%	90%	218,225.60	8,186,812.64	13.85	15.86	0.37
Thetford	2,080.65	406,860.00		292,102.00	98.40	71.8%	90%	217,186.00	8,136,695.23	20.00	27.86	0.53
Bowers	1,601.50	186,080.00		135,070.84		72.6%	90%	52,517.60	2,937,055.26	15.78	21.74	0.28
Bodles #2												
Freetown #1 & #2	10,060.97	4,493,131.00		3,757,026.84		83.6%	70%	561,718.40	23,294,974.04	5.18	6.20	0.13
<b>TOTAL (ST. DOROTHY)</b>	<b>26,458.42</b>	<b>7,155,501.58</b>		<b>6,154,660.99</b>		<b>86.0%</b>	<b>70%</b>	<b>1,123,450.99</b>	<b>45,879,235.12</b>	<b>6.41</b>	<b>7.45</b>	<b>0.16</b>
Colbeck	1,288.55	276,600.00		254,060.80		91.9%	90%	108,057.20	5,027,703.62	18.18	19.79	0.39
Blocks A & E, Bernard Lodge	16,175.00	2,730,104.00		2,215,818.80		81.2%	90%	671,240.52	19,772,545.71	7.24	8.92	0.25
Blocks B & C-Bernard Lodge	10,157.00	1,054,070.00		799,869.00	33,303.00	79.0%	90%	272,571.90	9,462,865.91	8.98	11.83	0.26
<b>TOTAL (BLOCKS)</b>	<b>26,332.00</b>	<b>3,784,174.00</b>		<b>3,015,687.80</b>		<b>79.7%</b>		<b>943,812.42</b>	<b>29,235,411.62</b>	<b>7.73</b>		
Amity Hall	1,443.00	177,070.00		162,776.00		91.9%	90%	59,126.60	2,770,770.95	15.65	17.02	0.33
Plantain Garden River	598.50	43,810.00		33,138.00		75.6%	90%	0.00	0.00	0.00	0.00	0.00
Phillipsfield/Heartease/Norris	3,969.00	990,590.00		799,789.60		80.7%	90%	381,605.83	15,729,449.22	15.88	19.67	0.39
Artificial Aquifer Recharge			3,658,854									
Rio Cobre Open Canal	0.00	20,054,802.42		11,905,762.38		77.6%	70%	0.00	0.00			
Production Invoice		20,054,802.42		11,905,762.38		59.4%	70%					
<b>TOTAL (EASTERN REGION)</b>	<b>60,089.47</b>	<b>32,482,548.00</b>	<b>3,658,854</b>	<b>22,325,875.57</b>		<b>80.0%</b>	<b>70%</b>	<b>2,616,053.04</b>	<b>98,642,570.53</b>	<b>3.04</b>	<b>4.42</b>	<b>0.08</b>
Monymusk (Shallow Pasture East/Shallow Pasture West)	2,847.00	1,018,038.00		1,034,952.96		101.7%		20,274.85	10,657,541.29	10.47	10.30	0.02
New Forest/Duff House/Plumwood	10,330.97	2,519,710.00		2,113,951.20	209,126.49	92.2%	90%	2,097,588.00	82,734,176.64	32.83	39.14	0.83
Spring Plain/St. Jago/Ebony Park Deep Well/Jungle West/Harmons Well	7,298.50	3,445,879.78		2,907,035.77		84.4%	90%	995,320.90	60,938,594.81	17.68	20.96	0.29
Vernamfield	3,151.45	1,607,449.95		1,754,934.00		109.2%	90%	384,146.40	17,197,959.37	10.70	9.80	0.24
Mid Clarendon (Pumps)	21,763.19	8,000,413.48					70%	1,738,143.49	94,990,149.69	11.87	16.12	0.22
Mid-Clarendon River	0.00	2,530,435.99		5,891,614.02		55.5%						
Mid-Clarendon (Old Milk River)	0.00	972,248.60										
SUB-TOTAL (canal system less washout)		10,609,333.27										
<b>TOTAL (CENTRAL REGION)</b>	<b>45,391.11</b>	<b>19,200,411.00</b>		<b>12,667,534.99</b>		<b>66.0%</b>	<b>70%</b>	<b>5,235,473.64</b>	<b>266,518,421.81</b>	<b>13.88</b>	<b>21.04</b>	<b>0.27</b>
Hounslow	7,771.82	4,654,415.00		4,292,884.80		92.3%	90%	1,624,195.60	71,532,289.65	15.37	16.66	0.35
Hounslow Demonstration Plot			3,136									
Beacon/Little Park	12,395.53	3,139,804.00		2,577,398.00		82.1%	90%	1,898,113.60	62,281,899.34	19.84	24.16	0.60
Braco	2,737.00	657,826.00		622,592.00	3,774.00	96.1%	90%	103,376.40	5,063,607.95	7.70	8.13	0.16
Braco Demonstration Plot			6,086									
Seven Rivers	0.00	54,541.00		53,216.00		97.6%		0.00	0.00		0.00	0.00
Holland Estate (Drainage)								133,241.66	6,731,691.41			
<b>TOTAL (WESTERN REGION)</b>	<b>22,904.35</b>	<b>8,506,586.00</b>		<b>7,555,312.80</b>		<b>88.8%</b>	<b>90%</b>	<b>3,758,927.26</b>	<b>145,609,488.35</b>	<b>17.12</b>	<b>19.27</b>	<b>0.44</b>
<b>OVERALL INCLUDING MONYMUSK &amp; HOLLAND</b>	<b>128,384.93</b>	<b>60,189,545.00</b>		<b>42,548,723.36</b>		<b>70.7%</b>	<b>70%</b>	<b>11,477,212.28</b>	<b>510,770,480.69</b>	<b>8.37</b>	<b>12.00</b>	<b>0.19</b>

## MAINTENANCE

The canals are maintained to improve conveyance to meet customers’ demands. Table 10 below highlights the maintenance activities executed to achieve this objective.

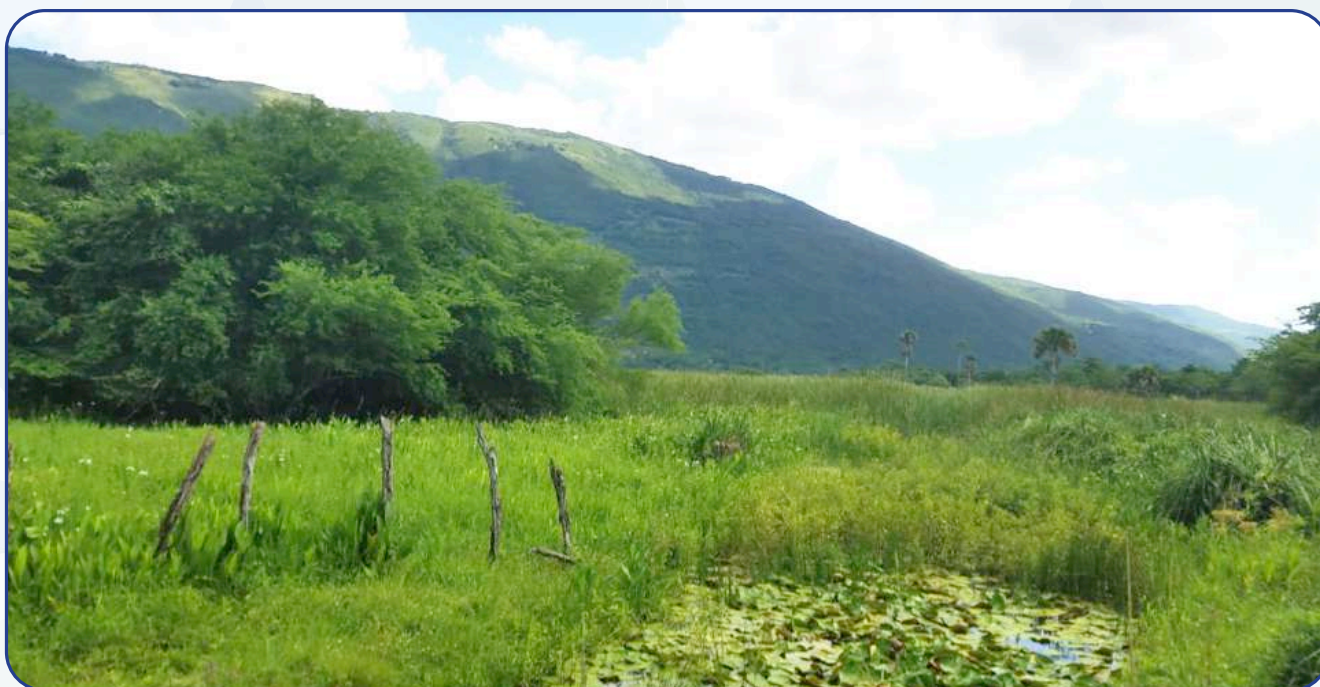
**Table 10: Regional Maintenance Activities**

Activity	Meter	Units Maintained
Bushing	696,446.79	
Cleaning	364,578.03	
Weed Control	81,657.86	
Landscaping	3,122.76	
Rushing	5,750.38	
Cleaning of Syphons		98

## DRAINAGE

While the Commission had challenges with equipment which reduced the number of drains and rivers cleaned, it was still able to complete the critical drains to mitigate against the possibility of flooding during heavy rains. The NIC is in the process of procuring an excavator to eliminate these equipment issues in the future.

Manual and mechanical techniques were used for bushing and clearing the channels to remove obstructions within and along the rivers; a total length of 109km and 142km respectively.



**“Pass Water” in the parish of St. Elizabeth before cleaning**



**“Pass Water” in the parish of St. Elizabeth after manual cleaning**

## ENERGY MANAGEMENT UNIT

### PRODUCTION, ENERGY USE, COST AND AVOIDANCE

There was a seven point four percent (7.4%) reduction in total water production, while pump production energy cost increased by twenty percent (20%) when compared to the same period last year. In the past, the ratio of water produced by gravity-flow systems to pressurised (energised) systems has generally been 60:40; however, with a decrease in water demand from systems served by gravity-flows, such as sugar cane farmers, the ratio has shifted to 50:50. The increase in pump production energy cost was due to increased pump hours to meet an increased demand from energised pump systems and increased energy rates charged by Jamaica Public Service Company Limited (JPSCo) when compared to the same period last year.

The cost to produce a cubic metre of water increased by thirty percent (30%) due to the increased volume of water being pumped and rate increases from JPSCo. The NIC consumed 11.5 Gigawatt hours (GWh) of energy for water production, which is a twelve percent (12%) increase compared to financial year 2018/19; this is directly attributed to an eighteen percent (18%) increase in pump hours. Energy consumed for administrative buildings was 0.30GWh, which is a forty-five percent (45%) reduction in energy use compared to the same period the previous year.

The total JPSCo energy cost for the period was \$525.70M with ninety-seven percent (97%) of this related to pump production costs and the remainder for non-pump operations. The average energy cost charged by JPSCo was \$32.60 per kiloWatt hours (kWh) for the 12-month period compared to \$29.45/kWh for FY 2018/19 (see table 11 below).

Energy charges avoided was \$64.89M as a result of initiatives under the Energy Management Programme that reduced the NIC’s energy demand by 4,208 kilo-volt-ampere (kVA) and 741 Megawatt hours (MWh). The Commission contributed to a cleaner environment by avoiding approximately 590 metric tonnes of carbon emissions.

**Table 11: Comparison of Water Production, Energy Cost and Use for FY 2019/20 and FY 2018/19**

Period	Total Energy Cost	Pumped Production Energy Cost	Total Water Production	Water Production pumped from energised sources	Pump Hours	Production Energy Use	Unit Energy Cost – Energised Sources Only	Unit Energy Cost – Gravity + Pumped	Unit Energy Use
FY	\$M	\$M	Mm <sup>3</sup>	Mm <sup>3</sup>	Hrs.	MWh	\$/m <sup>3</sup>	\$/m <sup>3</sup>	kWh/m <sup>3</sup>
19/20	525.7	510.8	60.3	29.5 (49%)	128,384.93	11.5	16.72	8.37	0.19
18/19	426.3	412.4	63.9	26.9 (42%)	106,522	10.3	15.32	6.35	0.16

### UNIT ENERGY COST & UNIT ENERGY USE FOR WATER PRODUCTION

The unit energy use achieved was 0.19 kWh/m<sup>3</sup> or 5% lower than the targeted 0.20 kWh/m<sup>3</sup>. The unit energy cost for water production was \$8.37/m<sup>3</sup>; this is 32% higher than the unit energy production cost for the same period financial year 2018/19 and 83% higher than the target of \$4.57/m<sup>3</sup>. The higher energy cost to produce water was directly related to higher JPSCo rates and increased production from energised sources. The retrofit of Premium Efficiency Motors, Variable Frequency Drives, and increased renewable energy utilisation will be executed in the upcoming financial year to further reduce costs and drive energy sustainability.

**Table 12: Energy Unit Performance Indicators**

Performance Indicator/Output Measures	Measure	Target	Actual	Variance	Comment
Energy Use Avoided	%	5	6.3	1.3	Target Exceeded
Energy Generated from Renewables	%	2	1.3	-0.4	Projects for FY 2019/20 delivered 3 months behind schedule. Low Performance from PV Systems in Q3 due to rainy & overcast periods. This will improve in FY 2020/21.
Energy Cost Avoided	%	10	12.7	2.7	Target exceeded
Unit Energy Cost	\$/m <sup>3</sup>	4.57	8.37	-3.8	10% increase in water produced from deep wells and a 10% increase in cost per kWh charged by JPSCo when compared to the same period last year. Increased use of Renewables as well as other initiatives of the Energy Management Programme will assist to further reduce water production costs.
# of Projects Implemented	#	3	3	0	3 Solar Projects handed-over to the NIC.

### SOLAR PHOTOVOLTAIC (PV) PROJECTS

Four (4) Solar PV Projects were completed including the Bengal Solar Retrofit Project, which began in FY 2018/19 (see Table 13 below). This system was upgraded from 83kW to 90kW DC capacity. The NIC now has a total of 280kW of renewable energy capacity online. A breakdown of the projects completed is below:

**Table 13: Solar Projects completed**

Project Site	Project Summary	Contract Value	Expected Payback Period
Bengal Pump Station	Installation of a ground-mounted, 90kW grid-tied solar system to self-generate 75% of energy requirement of the Bengal Pump Station. System expected to reduce annual JPSCo billing by \$3.0M or 45%	\$24.3M	8.1 years
St. Dorothy District Office	Installation of a roof-mounted, 20kW grid-tied solar system to self-generate energy for office use. System to offset ~ 80% of energy requirement of office and reduce annual JPSCo billing by \$1.22M or 65%	\$4.8M	3.9 years
Hounslow District Office	Installation of a roof-mounted, 10kW grid-tied solar system to self-generate energy for office use. System to offset ~ 85% of energy requirement of office and reduce annual JPSCo billing by \$0.61M or 70%	\$3.9M	6.4 years
Ebony Park Pump Station	Installation of a ground-mounted, 120kW grid-tied solar system to self-generate 95% of energy requirement of the Station. System to reduce annual JPSCo billing by \$4.8M or 43%	\$26.8M	5.6 years



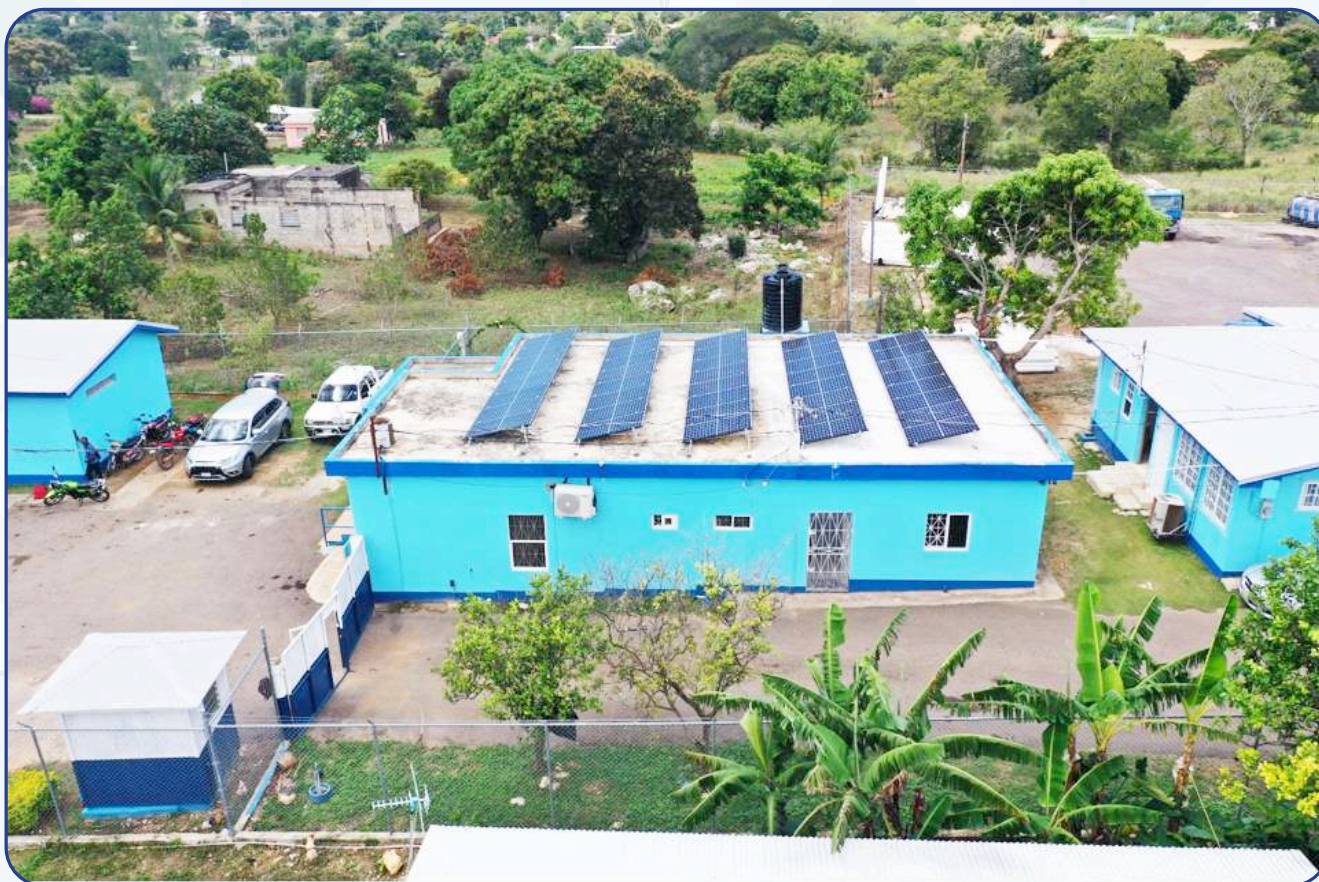
**90kW Solar Retrofit of the Bengal Pump Station in Trelawny**



**120kW Solar Retrofit of the Ebony Park Pump Station in Clarendon**



**20kW Solar Retrofit of the St. Dorothy District Office in St. Catherine**



**10kW Solar Retrofit of the Hounslow District Office in St. Elizabeth**

Planning has commenced to retrofit the F3, F2 and Beacon E Pump Stations within the Beacon/Little Park Irrigation District over the next two (2) Financial Years to self-generate energy and further reduce water production costs.

## **OPTIMISING IRRIGATION WATER MANAGEMENT TO IMPROVE CROP OUTPUT AND WATER QUALITY OUTPUT (IAEA PROJECT)**

### **WATER QUALITY IMPROVEMENT**

Based on the results of isotopic analysis of water samples collected from the NIC's open canal systems in St. Catherine and Clarendon, corrective measures were done to eliminate sources of contamination and improve water quality. Seventy percent (70%) of the major sources of contamination identified in the results of the water sampling conducted in March 2018 in the Rio Cobre open canal system and the Rio Cobre River have been addressed. No major sources of contamination were identified in the Mid-Clarendon open canal system.

A final water sample was planned for March 2020 to evaluate the quality of the water. Consumables for Water Quality Sampling were procured with plans to commence the final water sampling and sample preparation in partnership with the Department of Chemistry at the University of the West Indies (UWI). Plans were however disrupted due to the closure of the University of the West Indies and its Faculties to reduce the spread of the novel Coronavirus in Jamaica. Sampling activities within the parish of St. Catherine have been postponed until the relevant authority deems it safe to complete these field activities.



**Members of the NIC and UWI teams filtering water samples collected in the Bog Walk area of St. Catherine.**



**Members of the NIC team filtering water samples collected in the Bog Walk area of St. Catherine.**

**AGRONOMIC RESEARCH**

Experimental plots were established at the NIC’s Research and Demonstration Plots located in Braco, Trelawny and Hounslow, St. Elizabeth in partnership with the Research and Development Division (R&DD) within the Ministry of Industry, Commerce, Agriculture and Fisheries. The project targeted a reduction in fertiliser and water inputs by twenty percent (20%) each with an improvement in yield by ten percent (10%). In comparison to the farmer’s inputs, which did not utilise data from soil-moisture probes to inform the use of irrigation, the experimental plots had a reduction of thirty-five percent (35%) fertiliser use and fifteen percent (15%) water use while producing a four per cent (4%) improvement in yield. Table 14 below give summaries of the yield and inputs for the plots.



**Mr. Jason German, Field Assistant (right) inspects Beauregard potatoes produced at the NIC’s Braco Research & Demonstration Centre.**



**Beauregard potatoes produced, reaped and packed for data collection.**

**Table 14: Summary of sweet potato yield, fertiliser and water use**

Factor	Project Objective (%)	Level Realised (%)	Financial Impact
Fertiliser Use	-20	-35	Fertiliser & irrigation cost saving of US\$1,300.00/ha
Water Use	-20	-15	Cost avoidance of US\$510,000.00 in energy cost per annum to NIC for water production
Yield	+10	+4	Improved yield with reduced inputs

The research achieved greater than anticipated reductions in fertiliser and water use; thirty-five percent (35%) and fifteen percent (15%), respectively. There was a market yield increase of four percent (4%) compared to the projected ten percent (10%). These differences accounted for a \$1,300.00 USD/hectare or nine (9%) cost saving over baseline in fertiliser cost and approximately \$510,000.00 USD per annum or seventeen percent (17%) in energy cost for water production to the NIC. This reduced energy demand would also reduce the NIC’s carbon footprint by 514 Metric tonnes of emissions per annum.

The final report is being prepared with the R&DD and will include analysis of the isotope data and the effects of reduced irrigation and nutrient quantities on yield quality.

**Figure 1: Showing schematic diagram of the stable isotope distribution of isotopes along the Rio Cobre River and the NIC open canal system**



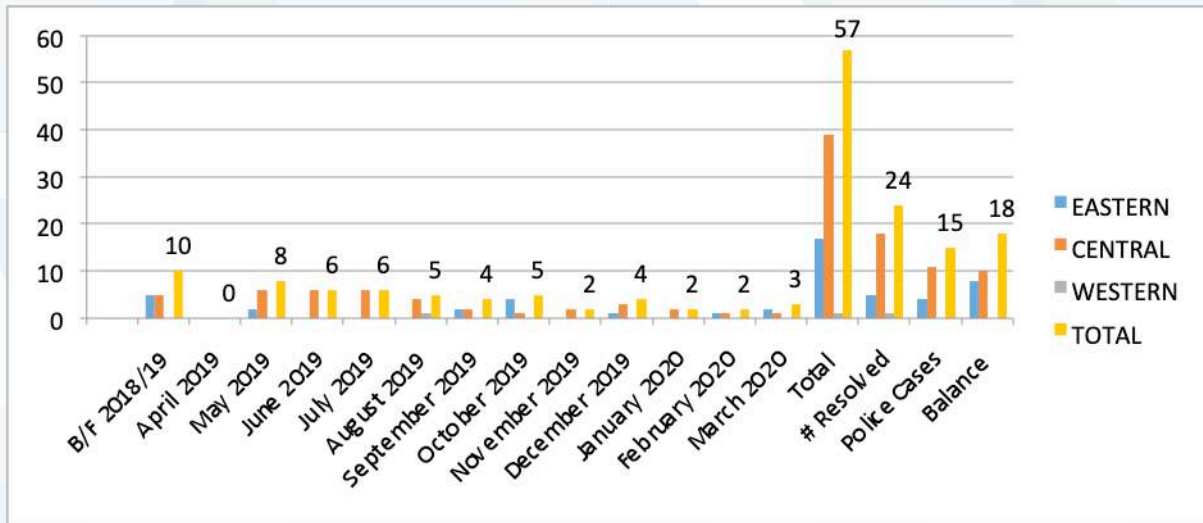
## SECURITY UNIT

The security of the assets, staff and customers is the priority of this Unit. Over the period under review, there was a need to deal with illegal abstraction of water, vandalism of assets and tampering. To achieve these, a cocktail of strategies were used to include electronic surveillance systems, patrolling and engagement of private support system.

There were 57 incidents, 24 were resolved, 15 have been referred to the Police and 18 are pending further investigation.

**Figure 2: Shows year to date total of Security Incidents**

**SECURITY INCIDENTS**



Showing major security issues addressed over the period with the highest occurring in the Central Region.

The Commission continues to experience vandalism amounting to J\$3.337 million.



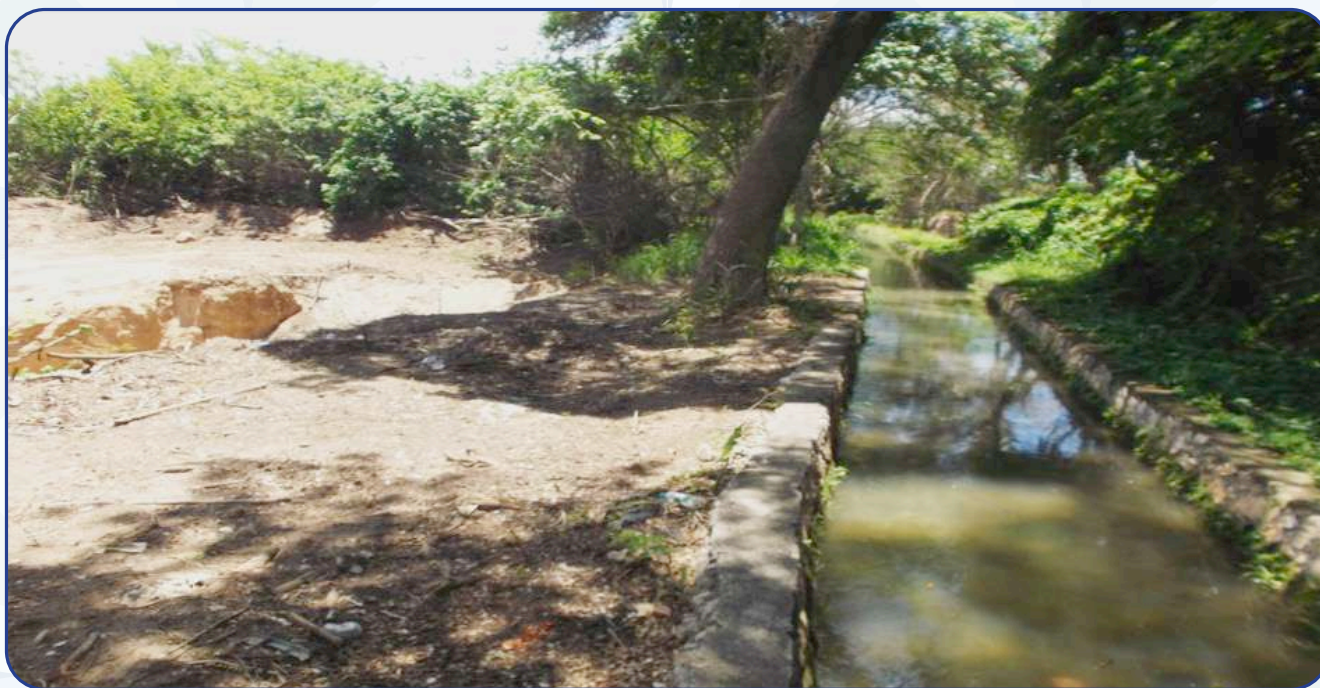
**Arson - Destruction of 104 meters of HDPE in the parish of Clarendon**



**Illegal abstraction of water from the NIC pipeline 5 feet underground, in the parish of St. Thomas**



**Illegal Sand Mining in St. Catherine**



**Illegal sand mining near the NIC canal in St. Catherine**

The Commission continues to monitor and remedy all breaches identified in an effort to protect its interest.

## CIVIL UNIT

### CAPITAL PROJECTS

The Eastern and Central Regions were the main beneficiaries of the Civil Unit capital improvement works. The projects were canal infrastructure rehabilitation to stem water loss and improve efficiency in conveyance.

The Commission engaged its internal engineering and technical professionals to plan, manage, supervise and direct the execution of various projects. Direct control provided the flexibility to determine work methodology to ensure minimum disruption in service to customers.

**Table 15: Areas in which projects are located.**

Location	Scope	Distance (metres)
<b>Eastern Region</b>		
Old Harbour Main Canal	Canal rehabilitation (concrete)	230
	Canal rehabilitation (HDPE)	270
Bushy Park Canal Route 2	Canal rehabilitation (HDPE)	1,700
St. Dorothy Main Canal	Canal rehabilitation (HDPE)	900
<b>Central Region</b>		
Rhymesbury Canal Line 18	Canal rehabilitation (HDPE)	575
Rhymesbury Canal Line 50	Canal rehabilitation (HDPE)	900

## OTHER PROJECTS COMPLETED

- 1. Innswood Relift Pump Station and Reservoir** - Construction of Motor Control Centre (MCC) building, a 150m<sup>3</sup> capacity concrete sump, and restoration of a 2560m<sup>3</sup> reservoir with inflow offtake from the Old Harbour Main Canal.



**Completed Innswood relift sump and reservoir**

- 2. St. Jago North, Spring Plain Pipeline Extension** - Installation 1.2 km PVC pipeline from St. Jago well to supply approximately 320 ha of land.



**St. Jago North Spring Plain Extension work in progress**

**3. YS River Canal Diversion Improvement** - Construction of cofferdam to maintain a spillway for river flow and optimum supply to the canal serving the Holland estate lands.



**YS River Canal Diversion**

**Table 16: Buildings and Structures - Maintenance and Improvement Works**

LOCATION	DESCRIPTION
HEAD OFFICE	(i) Expansion to Project Office building (ii) Rehabilitate and strengthen suspended wooden floor on the cut-stone office building (iii) Repaired leaking slab roof
RIO COBRE	(i) Canal repairs, sluice gates and parshall flumes installation (ii) Repair pipeline and hydrant
YALLAHS	(i) Pump house improvement - Phillipsfield (ii) Repair pipeline
ST. DOROTHY	Pump house improvement Bowers
MID-CLARENDON	(i) Improvement of Pump houses (ii) Pipeline replacement

## MAINTENANCE ACTIVITIES

Table 17 below shows that there were 742 requests for pipe works, of which 654 or 88% were completed. The Central region accounted for 287, Eastern region 267 and Western region 100. The request for installation of new meters had a 95% response rate while the lowest response was for the changing or repairing of valves, representing 75%.

**Table 17: Civil works requested and completed**

Type	Eastern Region	Central Region	Western Region	Total Completed	Total Requested	Ytd Perf.
Valves changed/ Repaired	27	20	9	56	75	75%
Pipeline Major	20	22	11	53	57	93%
Pipeline Minor	62	50	30	142	171	83%
Meter Changed /Repaired	54	108	12	174	187	93%
Hydrant	37	84	15	136	154	88%
New Meter Request	67	3	23	93	98	95%
<b>TOTAL</b>	<b>267</b>	<b>287</b>	<b>100</b>	<b>654</b>	<b>742</b>	<b>88%</b>

## ELECTRICAL, MECHANICAL AND WORKSHOP UNIT

The Unit has undertaken to institutionalise safety at the workplace by utilising the following: establishment of standard operating procedures, installing safety monitors, conducting safety training, weekly safety meetings, use of personal protective equipment and documentation of incidents, accidents and near misses. Remedial works were conducted to include repairs, fabrications and installations of pumps, motor, variable frequency drives, heavy equipment, measuring devices and conveyance infrastructures. As part of the performance indicators the team responds to breakdowns within 36 hours of reporting. Four (4) motors and four (4) turbine pumps were removed for general servicing and repairs.

### ELECTRICAL/MECHANICAL UNITS

Scheduled Preventative Maintenance (PM) Programme has proven to be a critical tool in managing the NIC's electrical/mechanical equipment portfolio and during the year the programme was executed resulting in reduced down time. The assets in the portfolio consist of pumps, motors, Variable Frequency Drives (VFDs) and Motor Control Centres (MCCs).

### PROCUREMENT AND INSTALLATION OF PUMPS, MOTORS AND VARIABLE FREQUENCY DRIVES

NIC procured eight (8) Premium Efficiency Motors, eight (8) Variable Frequency Drives (VFDs) and a complete Pump Set which was used to equip the Lane Well in the New Forest District. Three (3) of the eight (8) Premium Efficiency Motors (*see pictures below*) were installed and the others are to be installed in the coming F/Y. The installation of an upgraded VFD at the Duff House Pump Station has improved water production from the well, enabling the Commission to better serve customers in the area.

## WORKSHOP

A new metal lathe was procured and installed; this resulted in improvement in the service delivery by increasing production, quality assurance and efficiency in metal fabrication.



**Pump Installation at Lane Pump Station and Premium Efficiency Motor Installed at Innswood Pump Station**

## PUBLIC RELATIONS UNIT

The Public Relations Unit focused on face-to-face engagements, with the help of print, traditional, electronic and new media, to inform stakeholders about the operations and achievements of the Commission. The table and photographs below detail the events in which the Unit participated.

**Table 18: Details of the Major Events that the NIC attended and the PR Unit documented for the year in review**

EVENT	DATE HELD	VENUE/MEDIA
Sponsored and Featured on Agriculture Here And Now programme.	April 2019 – December 2019	Power 106 FM
The Agriculturalist Newspaper:	May 2019 – March 2020	Agri-Life Foundation Ltd.: Bi-Monthly publication
Board of Directors' Tour of the Ebony Park HEART Academy	May 9, 2019	Clarendon
Jamaica Agricultural Society's Agrofest	Saturday, May 25, 2019	MICAF's Playfield, Hope Gardens
JAS Agrifest MICAF Playing Field Hope Gardens	Friday, May 25, 2019	Outside Broadcast from the event by Power 106FM  Social Development Commission's Sports Complex, Santa Cruz
The 2019 Denbigh Agricultural, Industrial and Food  Radio:  Stream Live	August 4-6, 2019	Denbigh Clarendon  Kool97FM, Power 106FM, Bess FM  Facebook
AgriViews	September 8, 2019	TVJ
Radio: Irrigation Tips for Drought Conditions	September - October, 2019	Kool 97FM
World Food Day Exhibition	Friday, October 11, 2019	Christina High School
All-Island Jamaica Cane Farmers' Association – Annual General Meeting.	Wednesday, November 13, 2019	Conference Room - Denbigh Agricultural Showgrounds, Clarendon
Jamaica Agricultural Society's Eat Jamaican Campaign	November 25, 2019	Devon House, Kingston
Eat Jamaican Campaign 16th Anniversary Supplement	November 29, 2019	Jamaica Observer

<b>EVENT</b>	<b>DATE HELD</b>	<b>VENUE/MEDIA</b>
<b>Black River High School's Prize Giving (Sponsorship of Prize/Award)</b>	Thursday, November 28, 2019	Black River High School, St. Elizabeth
<b>St. Elizabeth Homecoming Foundation Limited's Fundraising Awards</b>	December 1, 2019	Lovers Leap St. Elizabeth
<b>Family Fun Day Essex Valley</b>	December 21, 2019	Comma Pen St. Elizabeth Activities December 21, 2019
<b>Community Beat</b>	December 31, 2019	CVM TV
<b>Commissioning of Bengal Pump Station Solar Project</b>	January 23, 2020  January 24, 26 February 3, 2020 January 24 & 26, 2020  January 26, 2020	Bengal Trelawny  Social media posts NIC JIS Website  Newspaper features: MICAF Website Jamaica Observer
<b>Scholarship Awards Function</b>	January 30, 2019	Four Seasons Hotel, Kingston
<b>Hague Agricultural &amp; Livestock Show</b>	February 26, 2020	Hague Showground, Trelawny  Outside Broadcast from the event by: Mello FM Nationwide News Network Power 106FM New Media: Facebook and Twitter



Staff members of NIC out promoting the work of the organisation.

# PROJECT UNIT

## OVERVIEW

The Financial Year 2019/20 saw the Project Unit (PU) accelerating the activities for both the development and implementation of several major projects:

- (i) Table 19 outlines the four (4) major projects. These projects are at different stages of execution with a total estimated implementation cost of US\$220.78 million. It is expected that when completed the projects will impact irrigated agriculture development on 5,900 hectares of land serving 5,000 farmers.
- (ii) Six (6) other projects are being developed including the Updated National Irrigation Development Plan (NIDP).

**Table 19: Estimated cost and implementation status of projects being executed**

Proj. No.	Project Title	Est. Cost US\$ *(mil)	Funding Source	Status	Exec. Partners
1.	Essex Valley Agricultural Development Project (EVADP)	41.70 (£35.6)	UK-CIF	Project Implementation continues towards the project's completion date of August 31, 2022.	MICAF, NIC, AIC
2.	South St. Catherine and Clarendon Agricultural Development Project (SCCADP)	0.86 (£0.67)	UK-CIF	A six (6) month contract to complete the Final Design Studies (FDS) covering 795ha at the Parnassus and Bridge Pen/Amity Hall sites was signed with consultants RINA S.p.A, Italy on December 31, 2019.	MICAF, NIC
3.	Southern Plains Agricultural Development (SPAD) Project - Formerly SCCADP	20.78 (£17.13)	UK-CIF	The SPAD project includes installation of infrastructure and irrigated agriculture development of the 795 ha designated under the SCCADP project. Work is advanced on the procurement of several contracts including well drilling at Parnassus and acquiring motor vehicles.	MICAF, NIC, AIC

Proj. No.	Project Title	Est. Cost US\$ *(mil)	Funding Source	Status	Exec. Partners
4.	Pedro Plains Agricultural Development Project utilising Black River Flows (executed by SCP)	157.0	Govt. of France through a Grant FASEP	The French firm SCP completed the Feasibility Studies, as well as drafted Preliminary Engineering Designs. The feasibility assessment indicated an Economic Internal Rate of Return (EIRR) of 20%. When implemented the project will benefit 4,000 farmers on 4,200 ha of land.	MICAF, NIC, AIC

### **Essex Valley Agricultural Development Project (EVADP)**

MICAF continues as the designated Implementing Agency for EVADP. As a result, the NIC is one of the primary agencies providing service inputs to the project inclusive of Monitoring & Evaluation (M&E). The project implementation continues for the third year of this five-year project. The Monitoring Programme has indicated progress in several areas including production, well development, and cadastral survey work.

### **INVESTMENT GRADE ENERGY AUDIT (IGEA) AT 34 NIC FACILITIES**

The NIC, through the Essex Valley Agriculture Development Project (EVADP), is a beneficiary of the Investment Grade Energy Audit at thirty-four (34) of its facilities including three (3) offices and thirty-one (31) pump stations. Site visits, energy and pumping equipment performance checks were conducted at the facilities, and the Energy Unit has been working with the Project team. Drafts of the final reports have been submitted and are now being reviewed.

### **South St. Catherine and Clarendon Agricultural Development Project (SCCADP) - Feasibility and Design Studies (FDS)**

This Feasibility and Design Study (FDS) is being administered by NIC and MICAF to facilitate approval of the Project Appraisal Report by CDB, as well as final engineering design work for the infrastructure development work under the SPAD Project. Funding is via the UK-CIF funds administered by the Caribbean Development Bank (CDB). The associated Grant Agreement (GA 54/JAM) was signed on August 20, 2018. The sites selected for the FDS comprises 795 ha on lands owned by GOJ Agencies, mainly fallow sugarcane lands in Clarendon and St. Catherine respectively as follows:

- Parnassus (Victoria Farm) 315 ha
- Amity Hall/Bridge Pen 480 ha

Implementation of the FDS has been negatively impacted by several challenges which resulted in delay in the contract award:

- (i) CDB request for NIC to complete an aspect of the feasibility study to facilitate the preparation of the Project Appraisal Report in a timely manner;
- (ii) Subsequent revision of the Terms of Reference (TOR) to exclude the feasibility work;
- (iii) Protracted negotiations.

During the year, a six-month contract valued at J\$102.8M was awarded to the Italian firm, RINA S.p.A. The agreed project outputs include:

- a. Climate Vulnerability Assessment (CVA);
- b. Environmental and Social Impact Assessment (ESIA);
- c. Preparation of the Final Engineering Designs along with the preparation of all tender documentation for the works required.

Project implementation activities commenced in February 2020 and the consultants have delivered the Inception Report. The NIC has requested that the consultants develop appropriate risk management strategies given the advent of COVID-19.

### **Southern Plains Agricultural Development (SPAD) Project**

The Project Appraisal Report generated by the CDB with some aspects of the feasibility completed under SCCADP, defined the scope and implementation arrangements for the SPAD project. This Appraisal Report demonstrated an economically viable irrigated agriculture project on the two sites covering 795 ha at Parnassus and Amity Hall including:

- Economic Internal Rate of Return (EIRR) of 22.2%
- Net Present Value (NPV) of £15.1M on capital investment of £19.4M

The Grant Agreement (GA No. 57/JAM) was signed between CDB, administrators of the United Kingdom Caribbean Infrastructure Funds (UK-CIF) and the Government of Jamaica (GOJ) on August 9, 2019 for the value of £17,133,492M as shown below in Table 20.

**Table 20: Funding Arrangements for SPAD Project**

<b>Funding Source</b>	<b>Value (£)</b>	<b>% Contribution</b>
UK-CIF grant	16,710,313	98
GOJ Counterpart (in kind)	423,179	2
<b>TOTAL</b>	<b>17,133,492</b>	<b>100</b>

The main project components include:

- Improved irrigation system incorporating climate resilience measures;
- Climate resilient roads, drainage and flood protection systems;
- Enhanced agricultural production and marketing systems; and
- The establishment of a Matching Grant Scheme (MGS) to assist agricultural producers, including vulnerable groups (females and youths) within the project sites.

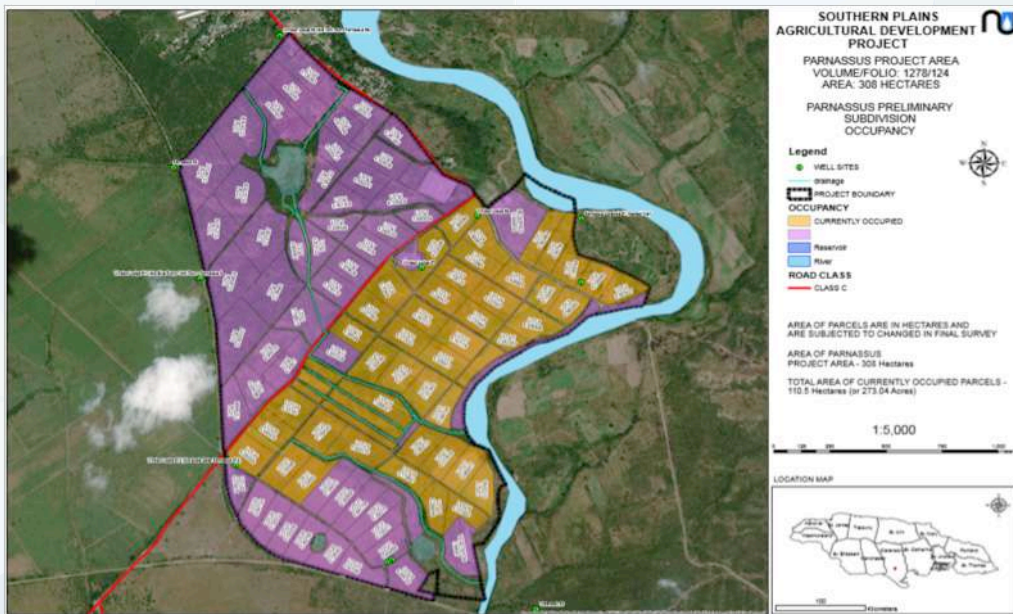
The project areas were selected because of the highly favourable agricultural production characteristics, including the presence of fertile soils suitable to the production of a large range of high-value crops, fruits, vegetables, roots, tubers, herbs and spices. This project also seeks to build on interventions under the on-going EVADP, being funded through the UK-CIF programme.

Project implementation activities are scheduled to begin in April 2020 with the well drilling at Parnassus, Clarendon. A map of the project areas with the preliminary sub-division of lots is presented in Figures 3 and 4

**Figure 3: Map of Bridge Pen/Amity Hall, St. Catherine showing Preliminary Field Layout**



**Figure 4: Map of Parnassus, Clarendon showing Preliminary Field Layout**



## Pedro Plains Irrigation Expansion Utilising Surface Flows from the Black River - Feasibility Study and Preliminary Engineering Designs

This project seeks to expand the development of the Pedro Plains, in St. Elizabeth by supplementing ground water sources with flows from the Black River. Its objectives include:

- Expansion of irrigated agricultural development to include communities such as Flagaman and Southfield.
- Provide flows to satisfy the growing tourism demand in the area as well as mitigate any saline intrusion risk.

Following the approval of the Grant Funding for the Feasibility and Design Study (FDS) for €692,540 by FASEP (Fonds d'étude et d'Aide au Secteur Privé), work continued on the project by French firm, Societe du Canal de Provence (SCP). As at March 31, 2020 the project was 99% complete with a usage of J\$103.8M or 99.70% of the total budget.

During the year, SCP team fielded five (5) missions to Jamaica and completed all five (5) reports agreed on in both the Memorandum of Understanding and Terms of Reference between NIC and SCP as detailed below:

**Table 21: Feasibility and Design Study Deliverables**

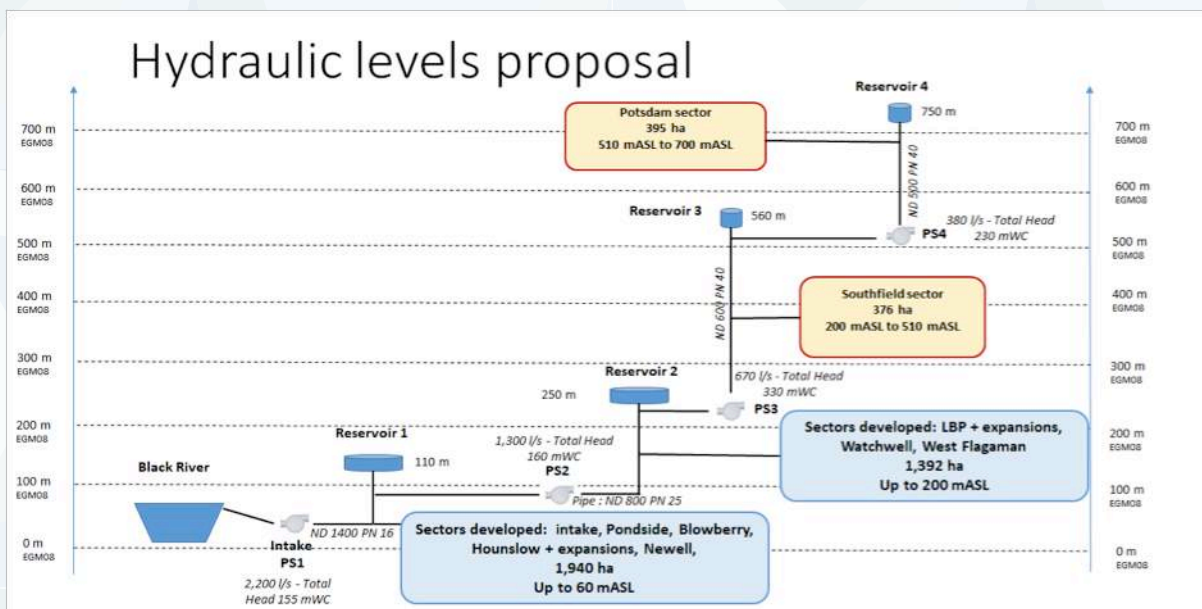
REPORT	DESCRIPTION
R1	Diagnosis Report
R2	Feasibility Report
R3	Environmental Impact Assessment
R4	Preliminary Designs*
R5	Terms of Reference for Technical Assistance during Project Implementation

\* An addendum to the Preliminary Designs is outstanding due to delays in -obtaining the Geo-technical survey completed before year-end.

The results of the FDS confirm that:-

- I. The project is feasible with an EIRR of 20%. The FDS also reveals that there is sufficient water to meet domestic and tourist demand from existing wells in the area.
- II. For the Preliminary design phase, SCP developed preliminary designs to include an intake from the Black River at Lacovia. Water will be distributed via a pipeline network and four (4) reservoirs at different elevations to serve approximately four thousand (4,000) farmers on four thousand one hundred and three hectares (4,103 ha) of land. This is shown schematically in Figure 5 below.

**Figure 5: Schematic layout showing intake, reservoir elevation and areas to be served**



Surface flows will be diverted from the Black River at Lacovia, pumped to reservoirs at different elevations in the Pedro Plains and distributed to farmers under gravity. The main elements of the preliminary designs include:

- a) Irrigated area covering 4,103 ha to serve an estimated 4,000 customers in Pedro Plains
- b) A Photovoltaic system of 8.26 MW (peak) to supply 64% of the energy requirements.

The expected benefits of the project include:

- An increase of irrigated farms from the current 900 to 4,000.
- An increase in the flows available for agriculture and other uses.

The overall capital cost is estimated at US\$157 million. Given this high capital cost, it is proposed to implement the project in two (2) phases over an eight (8)-year period.

During FY 2020/21, the NIC will focus on continued project development, including preparation of bid documents for a cadastral survey, identification of project funding as well as land acquisition for the intake area and reservoirs.

**PROJECTS BEING DEVELOPED**

One of the strategic objectives of the PU is the preparation of major irrigation project proposals and the identification of funding for implementation. As outlined in Table 22 below, the PU is presently developing six (6) major projects across the island for future implementation, including an updated National Irrigation Development Plan (NIDP).

**Table 22: Projects currently under development**

	PROJECT	PARISH	STATUS	HECTARES (NET)	# OF FARMERS	PROJECT PERIOD (YEARS)	ESTIMATED COSTS (\$M)
1	UPDATED NATIONAL IRRIGATION DEVELOPMENT PLAN (NIDP)	ALL PARISHES	The Food and Agriculture Organisation (FAO) has been requested by CDB to review existing documentation and present proposal for completing the Plan.	To be determined (TBD)	TBD	1	US\$0.8
2.	YALLAHS WEST	ST. THOMAS	Concept approved for development by PIMSEC. Hydrogeological assessment to be completed by WRA.	162.5	120	3.5	J\$365
3.	HINDS TOWN/ LUCKY HILL	ST. ANN	Hydrogeological assessment is underway and the completion date was March 31, 2020 but was extended to April 30, 2020.	471	130	5	TBD
4.	LENNOX & LOW LEYTON	PORTLAND	WRA desk study completed. Preliminary subdivision of lots approved by RADA.	98	60	3	J\$282
5.	SPRING PLAIN NORTH	CLARENDON	Project Concept Note approved by PIMSEC.	200	57	1.5	J\$190
6.	SPRING PLAIN SOUTH	CLARENDON	Draft Project Concept Note completed and being reviewed. Map and costings to be finalised	TDB	TBD	5	TBD

# MANAGEMENT INFORMATION SYSTEMS

## CORPORATE OBJECTIVES

The Department's objective is "To use Information and Communication Technology (ICT) to enable improvements in NIC's business processes and provide support services to achieve corporate goals". It supports the NIC's 'Learning and Growth' objectives by ensuring that the organisation has the right information systems tools to achieve corporate strategies.

The strategic outcomes primarily supported by ICT included:

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

## PROSPECTS FOR THE PERIOD

To support corporate objectives the plan included the:

- Continued implementation of automated procedures to support all tenets of the organisation.
- Maintenance and support of the infrastructure to host corporate digital library to improve document management.
- Improvement of the in-house hosted Voice over Internet Protocol (VOIP) PBX system.
- Upgrade of the Payment-Receipt Sub-System.
- Continue the virtualisation of server environment for operational efficiency.
- Continue the upgrading of network infrastructure to improve speed and security.
- Software maintenance of mission critical applications.
- Continue upgrade of infrastructure to drive core business functions.
- Continue the integration of Geographic Information Systems (GIS) in operational procedures to support decision-making.

**Table 23: Management and use of IT Resources**

Objectives 2019-20	Achievements	Benefits
Automation of Processes	<ul style="list-style-type: none"> <li>• Automation of all accounting and payables processes in Western Region District Offices;</li> <li>• Completed the implementation of new Human Resources Management System for the Automation of HR processes and Self-help;</li> <li>• Automation of Ramp Water Sales process at the New Forest District Office;</li> <li>• Deployment of 12 new SharePoint Apps to support Field Operations</li> </ul>	<ul style="list-style-type: none"> <li>• Reduce time in days to produce Districts Accounting management reports</li> <li>• Reduce time in days to produce Field Operational Reports</li> <li>• Daily digitisation of Field Operational data</li> <li>• Time savings in weeks for data to be available to decision makers for monitoring</li> </ul>
Digital Library Environment Configuration and support of the infrastructure to host corporate digital library to improve document management	Configuration of 18 Microsoft SharePoint Digital Libraries to serve Departments and Units	<ul style="list-style-type: none"> <li>• Environment for shared digital document management</li> <li>• Reduce time to minutes to access documents</li> </ul>
Business Process Support Application Upgrade	95% of process upgrading the new NIC Receipt Sub-System	<ul style="list-style-type: none"> <li>• Improve efficiency</li> <li>• Web based access platforms</li> <li>• Smooth future upgrade of systems</li> </ul>
Business Process Support Application Maintenance	<ul style="list-style-type: none"> <li>• Maintenance of Software Agreements for mission critical business applications</li> </ul>	<ul style="list-style-type: none"> <li>• Time savings in weeks for data to be available to decision makers for monitoring</li> <li>• Business Recovery</li> </ul>
Continue Virtualisation of Server Infrastructure	<ul style="list-style-type: none"> <li>• Expansion of Server storage environment</li> </ul>	<ul style="list-style-type: none"> <li>• Improve operational efficiency, maintenance and recovery</li> </ul>

**Table 24: Information Systems Performance Matrix for the Management of Resources**

Performance Item	Year-To-Date March 2020		
	Actual	Target	Variance
% major business processes managed by Information & Communication Technology (ICT)	82%	90%	-8%
% staff utilising required ICT platforms	85%	80%	5%
% help desk requests satisfied within service standards	95%	90%	5%
# new/improved business processes supported by IT	10	10	0
# IT Security breaches discovered or reported by users	0	0	0
Downtime of IT Major Systems (Minutes)	120	0	-120

### Expectations for Next Year

The road map for next year to support corporate objectives will focus on the following:

- Automation of the procurement processes.
- Continuing the improvement of the automated processes with special focus on Operations and Human Resources.
- Maintenance and support of the infrastructure to host corporate digital library to improve document management.
- Improvements to the in-house Voice over Internet Protocol (VOIP) PBX system.
- Improvements of the Payment-Receipt Sub-System.
- Continuation of the upgrade of network infrastructure to improve speed and security.
- Software maintenance of mission critical applications.
- Expansion of the capabilities for staff to access resources remotely.
- Continue the integration of Geographic Information Systems (GIS) with operational procedures to support decision-making.
- Identification and automation of other processes within the NIC.

# COMMERCIAL OPERATIONS

## CORPORATE OBJECTIVES

To expand the customer base, increase service area under irrigation, increase revenues earned, generate income from additional revenue streams, optimise collection of revenue and ensure customer satisfaction.

## WATER SALES AND DRAINAGE

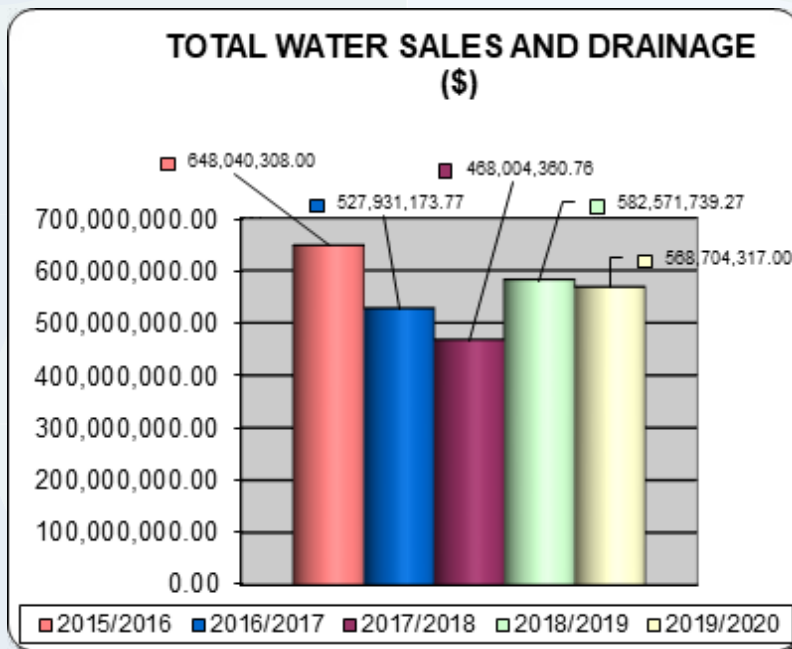
Water sales and drainage charges for the financial year, decreased by approximately, 1.46% or \$8.57M from \$586.37M to \$577.80M. This decrease was as a result of reduced demand from agricultural users, especially sugar cane farmers. Revenue from new customers accounted for approximately \$0.76M. The total volume of water sold amounted to 43,182,493.37 cubic metres (m<sup>3</sup>).

The total collections exceeded the target by \$57.12M.

The Commission is aware of the economic challenges of some of our customers, as such, it continues to partner with them and utilises varied strategies in order to optimise revenue collection.

The Commission’s levels of invoicing for the financial years 2015/2016 to 2019/2020 are outlined below in Figure 6:

**Figure 6: Total water sales and drainage**



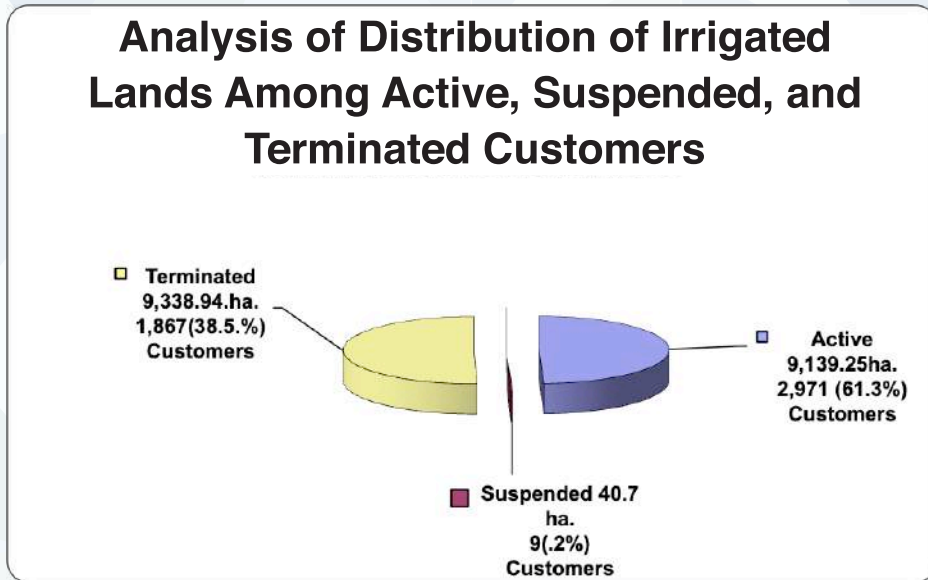
## CUSTOMER SERVICE

The NIC continues its efforts to improve service levels and to respond to the needs of the customers and to enhance customer service training as it remains committed to delivering the highest quality of service. The customer application process is being automated to improve customer service. In maintaining and improving the customer client relationship, a total of 7 customer engagement fora were held in the irrigation districts.

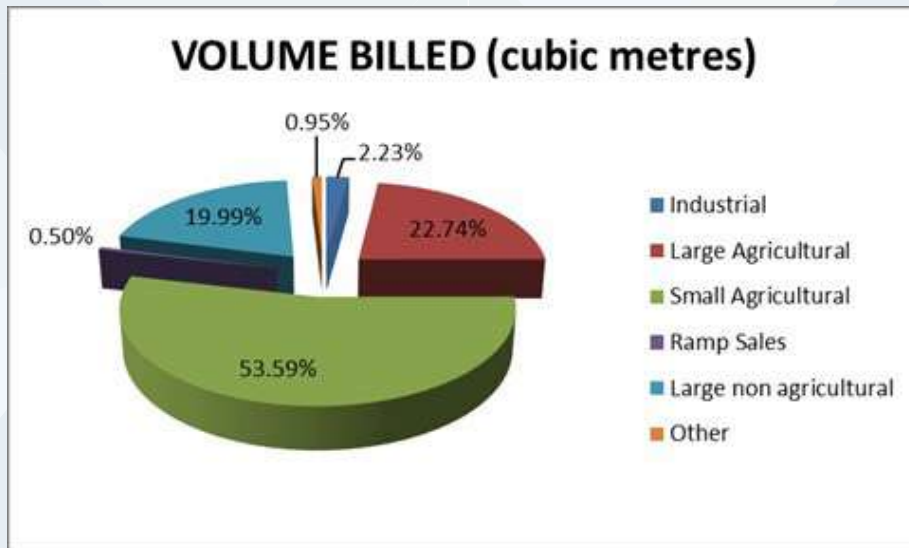
### CUSTOMER STATUS

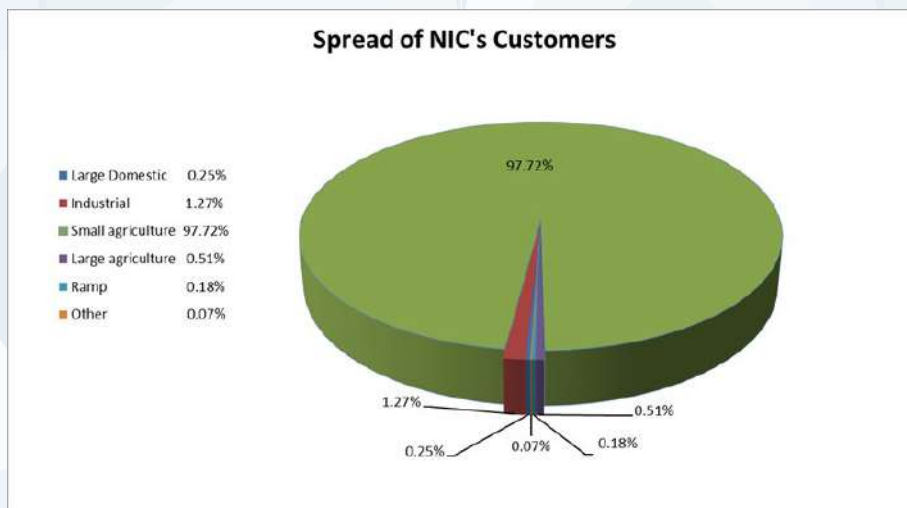
Customers are classified as active, suspended or terminated. Figure 7 depicts the total customer base of 4,847 occupying approximately 18,518.86 hectares of land. 61.3% or 2,971 customers on 9,139.25 hectares were active while 0.2% or 9 customers on 40.7 hectares were suspended and 38.5% or 1,867 customers on 9,338.94 hectares were terminated. The number of active customers on irrigated lands increased from 2,880 to 2,971 reflecting a 3.16% increase.

**Figure 7: Analysis of distribution of irrigated lands among active, suspended, and terminated customers**



**Figures 8:**





**CUSTOMER BASE**

The pie charts above is reflective of the spread of NIC’s customers. Large non-agricultural users accounted for 0.25% of the active customer base and 19.99% of the total volume billed, while industrial users accounted for 1.27% of the active customer base and 2.23% of the total volume billed. Large agricultural users represented 0.51% of the customers and 22.74% of the total volume billed, while small agricultural users accounted for 97.72% of customers and 53.59% of volume billed.

Ramp Sales accounted for 0.50% of volume billed. Sugarcane accounted for 6% of the customer base, while aquaculture accounted for 0.01%. Other crops grown accounted for 92%. Large customers accounted for 79% or \$457,366,773.68 of total revenue.

**NEWLY ESTABLISHED IRRIGATION SCHEME**

The newly established Spring Garden irrigation scheme in the parish of Portland contributes to the growth in revenues for the organisation and is now fully operational with twenty-six (26) farmers receiving irrigation service.

**IRRIGATION WATER APPLICATIONS**

New applications for water were processed as follows:

- **Eastern Region:**  
Approximately 108 applications with a corresponding acreage of 1,872.67 hectares were received.
- **Western Region:**  
Some 199 applications were approved for a total of 171 hectares.

# FINANCE & CORPORATE PLANNING

## CORPORATE OBJECTIVES

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

## FINANCIAL SUMMARY

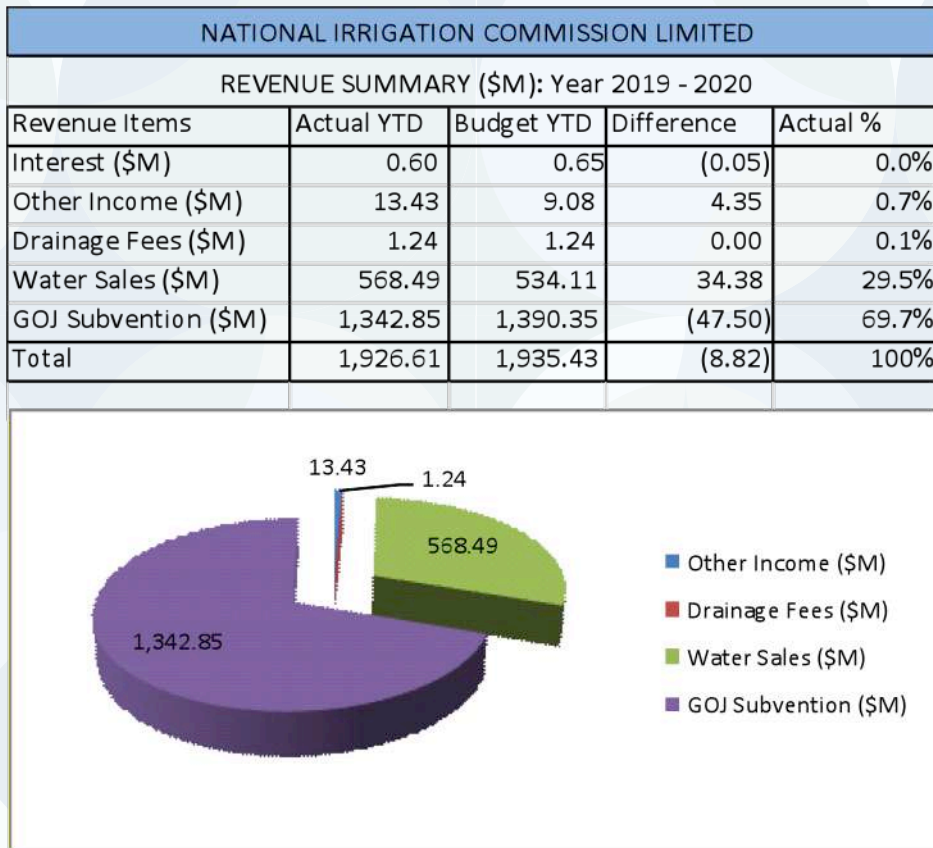
The Commission recorded a surplus of Eighty Million and Forty Thousand Five Hundred and Fifty Seven Dollars (\$80,040,557) for Financial Year 2019/2020.

This represents a reduction of \$84.52M relative to the previous year’s surplus of \$164.56M.

## REVENUE

Total Income for Year 2019/2020 was \$1.93 billion, an increase of \$110.00 M, compared to the previous year’s income figure of \$1.82 billion. The increase in revenue was primarily due to increased GOJ subsidies of (\$122.91M) to farmers.

**Figure 9:**



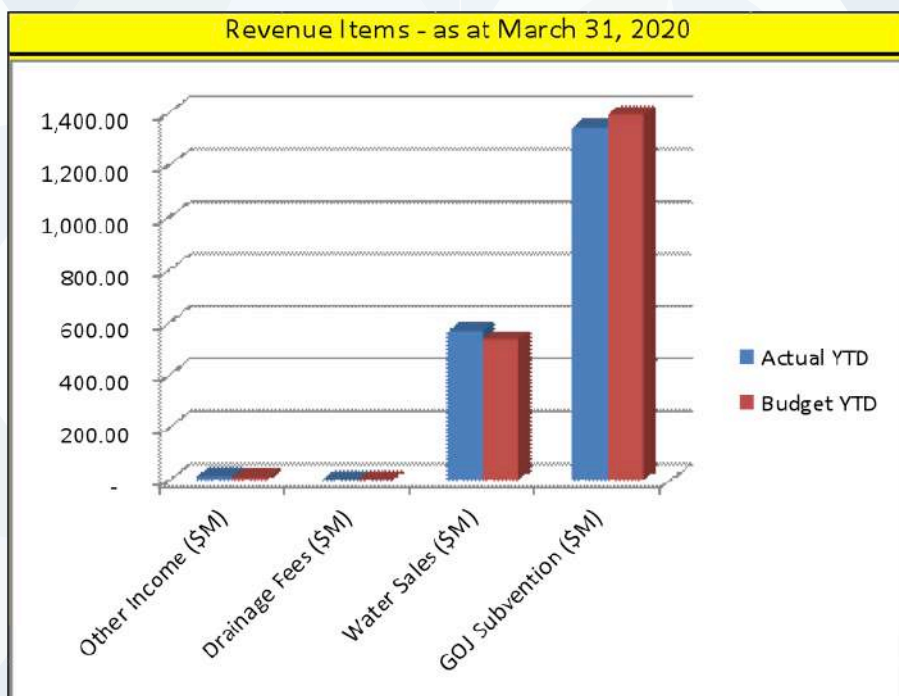
### GOJ SUBSIDY

Government of Jamaica (GOJ) subsidy amounted to \$1.34 billion or 69% of total revenue. This was below the budgeted figure of \$1.39 billion by \$.05 billion.

### WATER SALES & DRAINAGE CHARGES

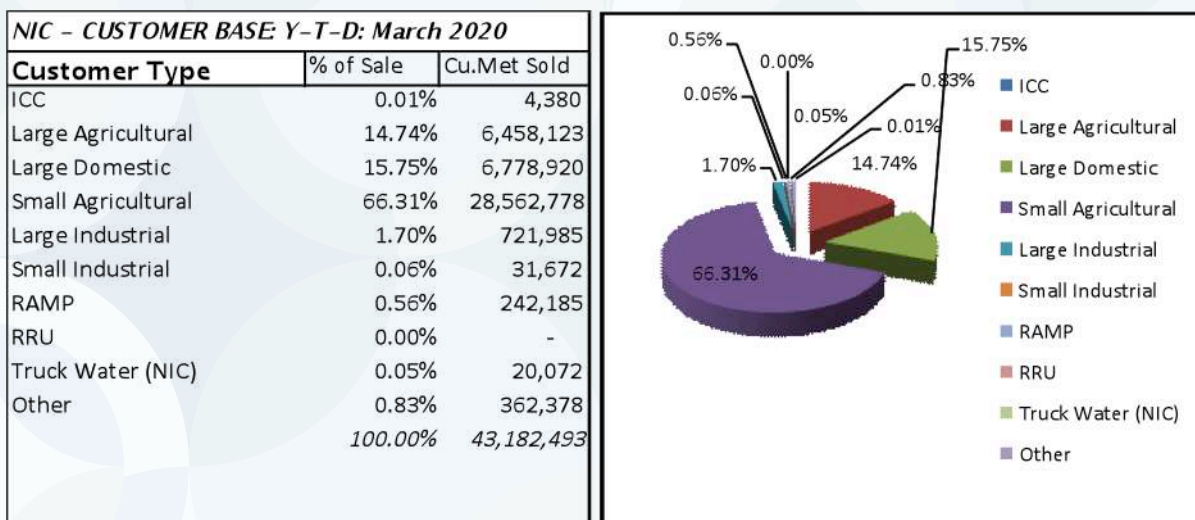
Revenue from water sales and drainage charge decreased during the year, to \$577.80 million from the previous year’s figure of \$586.37 by \$8.57 million.

**Figure 10:**



The Commission supplied approximately 43 million cubic meter of water during the year to Large and Small Farmers as well as a number of industrial users.

**Figure 11:**



*\*Total Agricultural Users account for approximately 81.05% of water sold (small + large)*

## INCOME FROM DRAINAGE OPERATIONS

Income from Drainage works remained constant at \$1.2M with operations continuing in the Upper and Lower Black River Morass region. During the year the Commission was tasked with the responsibility of taking over the drainage works at the Holland Estate in St. Elizabeth. The Commission is presently investigating the possibility of establishing a ramp (loading bay) for the sale of trucked water at Holland Estate, St. Elizabeth.

## OPERATING EXPENDITURE

Total expenses for the Year 2019/2020 amounted to \$1.89 billion, an increase of \$0.24 billion over the previous year's expenditure of \$1.65 billion.

Operating cost amounted to \$1.44 billion, an increase of \$0.24 billion or 20.8% compared to the previous year's figure of \$1.20 billion. Electricity pumping cost increased from \$425.36 million to \$510.77 million, an increase of \$85.41 million or 20.1%.

Management continues to implement cost control measures to reduce electricity pumping cost, including:

- Implementation of Irrigation scheduling to reduce energy use to effect operating efficiencies
- Use of JPSCo tariffs that better represent the Commission's pattern of usage
- Installation of Variable Frequency Drives (VFDs)
- Training of farmers to improve on-farm water management

During the year the Commission experienced increases in personnel cost arising directly from the four percent (4%) payment increase approved by the Ministry of Finance and the Public Service (MOF&PS) for Year 2019/2020.

Accounts Payable and accrued charges increased from \$322.15 million in the previous year to \$354.25 million.

At the end of March 2020 the Current Ratio of the Commission (i.e. Current Assets: Current Liabilities) stood at 1.08 times.

Total Assets increased by \$0.010 billion from \$1.599 billion to \$1.609 billion at the end of March 2020. This was primarily due to Capital A funds provided by the MOF&PS for rehabilitation of infrastructure in Eastern, Central and Western Regions.

## RIVER CLEANING OPERATIONS

River cleaning operations were undertaken in the following areas during the year:

- |                         |                           |                      |
|-------------------------|---------------------------|----------------------|
| • Content Area          | • Pen Hand River          | • Little River       |
| • Holland Area          | • Spring Garden River     | • Punches River      |
| • Middle Quarters River | • Lacovia Towards Brumdec | • Windsor Canal      |
| • Sylbie Canal          | • Bogue Tributary         | • Timber Bridge Area |
| • Broad Water Area      | • One Stead Canal         | • YS River           |
| • Salt River Area       | • Bamboo Bridge River     | • Pass Water Canal   |
| • Lacovia River         | • Frenchman Canal         |                      |
| • Frenchman Tributary   | • Hope River Area         |                      |
| • Holland Estate        | • Thornton Tributary      |                      |
| • Gayle River           | • Sheg Bug River          |                      |

## CAPITAL WORKS

During Fiscal Year 2019/2020 the National Irrigation Commission drew down Capital "A" funding of \$207.69M to continue with its irrigation rehabilitation works. Works undertaken during the period included:

### Conveyance Improvement

Allocation was made for the rehabilitation of the conveyance infrastructure of the canal network in the parishes of St. Catherine and Clarendon which represented approximately 26% of the capital allocation.

**Table 25: Rehabilitation of Conveyance Infrastructure**

Activities	Costs
Restoration of declining infrastructure St. Catherine (Bushy Park & Rio Cobre West Main) 2216 meters	\$47,243,198.65
Restoration of declining infrastructure Clarendon (Rhymesbury) 1730 meters	\$18,078,544.00

### Energy Efficiency

The Commission strives to utilise the resource that is provided in a way that contributes to the overall efficiency and sustainability of our operation. To this end the NIC have sought to use technological innovations that provide present as well as future benefits. These include the use of Variable Frequency Drives (VFDs) and Premium Efficiency Motors. Five (5) VFDs and eight (8) Premium Efficiency Motors were procured to be used to replace aged and inefficient control centers and motors. The cost of the Premium Efficiency Motors was \$13.68M and \$20.02M for the VFDs.

### Installation of Ebony Park Pump Station, Hounslow and St. Dorothy Offices Solar Retrofit

Solar Retrofit - Installation and commissioning of the following:

**Table 26: Solar Photovoltaic Systems**

Activities	Costs
Hounslow Office 10 kW Solar Photovoltaic System	\$3,930,413.41
St. Dorothy Office 20kW Solar Photovoltaic System	\$4,809,316.40
Ebony Park Pumping Station 120kW Solar Photovoltaic System	\$26,849,846.97

The 150kW grid-tied Solar Photovoltaic System at the different sites will reduce energy charge by \$6.63 Million per annum.

### Irrigation System Retrofitting

In keeping with one of our core values of being customer centric the NIC's efforts to improve its service during the period under review included the installation of a new pumping and filtration system in McGilchrist Pen Pump Station, Clarendon at a cost of \$17.77 Million.

During the year 2019/2020 the Commission continued with a number of collaborations with local and international institutions including:

- The Caribbean Development Bank (CDB), responsible for managing the UK-Caribbean Infrastructure Fund and for providing grant funding for the Essex Valley Agricultural Development Project and the Southern Plains Agricultural Development Project (SPADP).
- The French Government, for a FASEP Grant to fund the feasibility study for the Pedro Plains Expansion Project. The Feasibility Study was 99% completed during the year. There are ongoing discussions for further collaboration with the French Company SCP for irrigation design and maintenance;
- Agro Investment Corporation (AIC), the Agricultural Competitiveness Programme (ACP), Rural Agricultural Development Authority (RADA), Ministry of Economic Growth and Job Creation (MEGJC), the Ministry of Industry, Commerce, Agriculture and Fisheries (MICAFA) and the SCJ Holdings Limited.

### **Process Improvement and Reporting Systems**

In keeping with the automation of processes, the Accounting and Reporting Systems were enhanced by continued review and upgrades. These included:

#### **Accounting Reports**

The year marked the completion of the implementation of MS Dynamic Great Plains accounting system in the Western Region. All regions of the Commission are now fully integrated to provide computerised processing of cheques, real time update of payables and supplier data archiving for each research and transaction retrieval.

#### **Electronic Receipts System**

There was also continued upgrade of the electronic receipting system to eliminate manual entry of receipts and collections data. The upgrade is expected to provide quality and capacity benefits to the system, including:

#### **Improvements to Existing Receipts System**

- Integrates Customer Information into Receipt System from the Billing System
- Combines data from all districts
- Integrates with existing accounting system
- Generates an Audit Trail of all changes

## PROCUREMENT UNIT

The Procurement Unit has supported the NIC in the management of its Recurrent Budget of \$1.8B as well as its Capital Budget of \$248M for the year ended March 31, 2020.

During the year the unit provided guidance for the proper selection and acquisition of goods, works and services while ensuring compliance with the Public Procurement Act 2015 and Regulations 2018 to support:

- Operational requirements for systems repairs and maintenance
- Capital Goods and Works
- Organisational strategies, goals and objectives
- Value for money and cost savings initiatives
- Administration requirements
- Contract award, evaluation and monitoring

### PROCESS IMPROVEMENT

During the financial year, the Unit in collaboration with the Information Systems Department embarked on research to identify suitable applications for the automation of processes for Purchase Requisitions and Purchase Orders generated for the Commission. The automation is geared towards cost-savings initiatives, improved workflow processes as well as Electronic approval with remote access and the improvement of the Unit's reporting capabilities.

Some of the major procurement activities for the year included:

1. Solar Photovoltaic (PV) Systems installed at Hounslow, Braco, St. Dorothy and Ebony Park.
2. Variable Frequency Drives for critical Pump Stations in support of energy efficiency management
3. Procurement of Pump motors and meters related to rehabilitation of canals and conveyance systems thereby facilitating improvement in the Commission's infrastructure and strategic objective of reduction of water loss.

**Table 27:**

National Irrigation Commission Limited					
Five year Statistics					
SIGNIFICANT METRICS	\$'000	\$'000	\$'000	\$'000	\$'000
	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016
Shareholders' Equity	550,421	708,112	600,944	515,828	512,545
% Inc/(dec.) compared to prior year	-8.15%	17.83%	16.50%	0.64%	78.59%
Total Assets	1,608,999	1,599,359	1,315,186	1,252,242	1,263,887
% Inc/(dec.) compared to prior year	0.60%	21.61%	5.03%	-0.92%	9.66%
PROFIT & LOSS ACCOUNT					
Operating Revenue	1,920,651	1,806,309	1,568,249	1,417,802	1,501,662
(%Dec.)/% Inc. compared to prior year	6.33%	15.18%	10.61%	-5.58%	21.57%
Accumulated Surplus	242,291	299,982	192,715	107,599	104,374
(% Decr.)/% Inc. compared to prior year	-19.23%	55.66%	79.10%	3.09%	-186.16%
IMPORTANT RATIOS					
Admin. Exps. as a % of Total Cost	23.82%	27.35%	24.91%	25.97%	21.75%
Operating Exp. as a % of Total Cost	76.18%	72.65%	75.09%	74.03%	78.25%
Electricity Exp. as a % of Total Cost	27.02%	25.85%	26.79%	26.94%	35.49%
Electricity Exps. as a % of Operating Cost	35.47%	35.58%	35.68%	36.40%	45.36%
Rates/Water Sales as a % of Total Cost	30.57%	35.33%	30.23%	36.28%	49.80%
Rates/Water Sales as a % of Operating Cost	40.13%	48.63%	41.19%	49.02%	63.65%
Total GOJ Subsidy as a % of Total Cost	71.04%	74.13%	70.65%	61.15%	65.56%
Total GOJ Subsidy as a % of Operating Cost	93.26%	102.04%	94.04%	82.60%	83.85%

# INTERNAL AUDIT

## CORPORATE OBJECTIVE

The objective is to conduct an independent systematic review, assessing risks and evaluating the controls designed to address those risks, thus providing management with the assurance that its operations are being conducted effectively, efficiently and economically.

The Audit Objectives:

- To determine whether an adequate and effective system of control was in place over the activities examined in the various departments and districts.
- To ensure that documented policies exist and that these policies were adhered to.
- To ensure the operational goals were met.
- To ensure compliance with Government Statutes and Regulations and Financial Administration and Audit Act.

Internal Audit is concerned with the following:

- Adequacy, effectiveness and compliance with financial and other control systems.
- Achievement of operational goals.
- Emphasizing financial and administrative focus and assessment of compliance with rules, procedures and controls. Internal Audit ensures that records are maintained in accordance with Generally Accepted Accounting Principles and International Financial Reporting Standards.

Fifteen (15) audits and investigations were planned and conducted. The applicable reports, which detailed the findings as well as recommendations for efficiency and effectiveness were submitted.

The audit activities conducted were in the areas of operations, projects, procurement as well as, assets, financial and commercial management.

The reviews verified that:

- assets are safeguarded and utilised efficiently and effectively;
- policies are understood and adhered to;
- operations of the District Offices and Head Office are in conformity with the directives of Management;
- business is being conducted efficiently, all information is summarised and reported and internal controls are satisfactory.

**NATIONAL IRRIGATION COMMISSION LIMITED  
FINANCIAL STATEMENTS**

**MARCH 31, 2020**





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Chartered Accountants  
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## 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 45, which comprise the statement of financial position as at March 31, 2020, 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, 2020 and of the company's financial performance and 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 Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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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 in blue ink that reads 'KPMG'.

Chartered Accountants  
Kingston, Jamaica

July 10, 2020

NATIONAL IRRIGATION COMMISSION LIMITED

## Statement of Financial Position

March 31, 2020

*(Expressed in Jamaica dollars unless otherwise stated)*

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	182,268,018	279,217,342
Investments	6	3,357,480	11,846,897
Accounts receivable	7	195,649,320	124,376,019
Current portion of long-term receivables	8	12,728,488	10,251,100
Inventories		71,514,435	53,696,278
Income tax recoverable		<u>9,322,702</u>	<u>9,255,698</u>
<b>Total current assets</b>		<u>474,840,443</u>	<u>488,643,334</u>
<b>NON-CURRENT ASSETS</b>			
Long-term receivables	8	31,241,766	20,557,587
Employee benefits asset	9(a)	22,569,000	158,018,000
Intangible asset	10	1,305,234	2,610,200
Property, plant and equipment	11	<u>1,079,042,715</u>	<u>929,529,556</u>
<b>Total non-current assets</b>		<u>1,134,158,715</u>	<u>1,110,715,343</u>
<b>Total assets</b>		<u>1,608,999,158</u>	<u>1,599,358,677</u>
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued charges	12	354,532,835	322,145,180
Government of Jamaica project advances	13	77,110,215	66,969,436
Taxation		<u>10,063,963</u>	<u>29,753,854</u>
<b>Total current liabilities</b>		<u>441,707,013</u>	<u>418,868,470</u>
<b>NON-CURRENT LIABILITY</b>			
Deferred credit, being total non-current liability	14	<u>516,870,736</u>	<u>472,378,355</u>
<b>Total liabilities</b>		<u>958,577,749</u>	<u>891,246,825</u>
<b>EQUITY</b>			
Share capital	15	100	100
Capital reserve	16	408,130,161	408,130,161
Accumulated surplus		<u>242,291,148</u>	<u>299,981,591</u>
<b>Total equity</b>		<u>650,421,409</u>	<u>708,111,852</u>
<b>Total liabilities and equity</b>		<u>1,608,999,158</u>	<u>1,599,358,677</u>

The financial statements on pages 5 to 45 were approved for issue by the Board of Directors on July 10, 2020 and signed on its behalf by:

  
 \_\_\_\_\_ Chairman  
 Senator Aubyn Hill

  
 \_\_\_\_\_ Director  
 Douglas Cupidon

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, 2020

(Expressed in Jamaica dollars unless otherwise stated)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<b>Operating revenue</b>			
Water sales and drainage charges		577,798,564	586,368,974
Government of Jamaica subsidy on behalf of farmers	17	<u>1,342,852,292</u>	<u>1,219,939,942</u>
		1,920,650,856	1,806,308,916
Cost of producing water and distributing it to farm gates	19	<u>(1,439,879,213)</u>	<u>(1,195,575,994)</u>
<b>Gross operating surplus</b>			
		480,771,643	610,732,922
Amortisation of deferred credit	14	38,009,241	33,343,717
Other income	18	13,426,463	12,144,755
Impairment credit/(losses) on financial assets	7(iii)	8,152,842	( 9,478,463)
Administrative expenses	19	<u>( 450,312,447)</u>	<u>( 450,063,906)</u>
<b>Surplus before net finance income and taxation</b>			
		90,047,742	196,679,025
Net finance income	20	<u>601,294</u>	<u>563,514</u>
<b>Surplus before taxation</b>			
		90,649,036	197,242,539
Taxation charge	21	<u>( 10,608,479)</u>	<u>( 32,676,841)</u>
<b>Surplus for the year</b>			
	22	80,040,557	164,565,698
<b>Other comprehensive income</b>			
<i>Item that will never be reclassified to profit or loss</i>			
Remeasurement of employee benefits asset being total other comprehensive loss	9(f)	<u>( 137,731,000)</u>	<u>( 39,048,000)</u>
<b>Total comprehensive (loss)/income for the year</b>			
		<u>( 57,690,443)</u>	<u>125,517,698</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, 2020

*(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, 2018	<u>100</u>	<u>408,130,161</u>	<u>174,463,893</u>	<u>582,594,154</u>
Surplus for the year	-	-	164,565,698	164,565,698
<b>Other comprehensive income</b>				
Remeasurement of employee benefits asset	<u>-</u>	<u>-</u>	<u>( 39,048,000)</u>	<u>( 39,048,000)</u>
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>125,517,698</u>	<u>125,517,698</u>
<b>Balances at March 31, 2019</b>	<u>100</u>	<u>408,130,161</u>	<u>299,981,591</u>	<u>708,111,852</u>
Surplus for the year	-	-	80,040,557	80,040,557
<b>Other comprehensive income</b>				
Remeasurement of employee benefits asset	<u>-</u>	<u>-</u>	<u>(137,731,000)</u>	<u>(137,731,000)</u>
Total comprehensive loss for the year	<u>-</u>	<u>-</u>	<u>( 57,690,443)</u>	<u>( 57,690,443)</u>
<b>Balances at March 31, 2020</b>	<u>100</u>	<u>408,130,161</u>	<u>242,291,148</u>	<u>650,421,409</u>

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

**NATIONAL IRRIGATION COMMISSION LIMITED**

Statement of Cash Flows

Year ended March 31, 2020

*(Expressed in Jamaica dollars unless otherwise stated)*

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>			
Surplus for the year		80,040,557	164,565,698
Adjustments:			
Depreciation	11	60,735,108	54,097,683
Amortisation of intangible asset	10	1,304,966	1,304,966
Inventory provision		-	24,562,442
Impairment (reversal)/loss of trade receivables	7(iii)	( 8,152,842)	9,478,463
Amortisation of deferred credit	14	( 38,009,241)	( 33,343,717)
Employee benefits asset		( 2,282,000)	1,221,000
Interest expense		2,447	-
Interest income	20	( 601,294)	( 563,514)
Taxation	21	10,608,479	32,676,841
Foreign exchange loss on bank balances		<u>-</u>	<u>25,793</u>
		103,646,180	254,025,655
<b>Decrease/(increase) in current assets</b>			
Investments		8,489,417	( 178,726)
Accounts receivable		( 65,598,285)	( 30,630,041)
Inventories		( 17,818,157)	( 7,839,796)
Income tax recoverable		( 67,004)	( 114,701)
<b>(Decrease)/increase in current liabilities</b>			
Accounts payable and accrued charges		32,105,438	( 19,268,820)
Government of Jamaica project advances		<u>10,140,779</u>	<u>40,141,229</u>
Net cash provided by operating activities		<u>70,898,368</u>	<u>236,134,800</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	11	(210,248,268)	(268,506,469)
Long-term receivables		( 10,684,179)	( 8,119,640)
Interest received		601,732	-
Interest paid		-	565,755
Taxation paid		<u>( 30,018,599)</u>	<u>( 56,655,532)</u>
Net cash used in investing activities		<u>(250,349,314)</u>	<u>(332,715,886)</u>
<b>Cash flows from financing activities</b>			
Deferred credit, being net cash provided by financing activities		<u>82,501,622</u>	<u>213,454,655</u>
Net (decrease)/increase in cash and cash equivalents		( 96,949,324)	116,873,569
Effect of exchange rate fluctuations on cash held		-	( 25,793)
Cash and cash equivalents at beginning of the year		<u>279,217,342</u>	<u>162,369,566</u>
<b>Cash and cash equivalents at end of the year</b>		<u>182,268,018</u>	<u>279,217,342</u>

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

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2020*(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 14-20 Port Royal Street, Kingston.

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, Amity Hall and Monymusk.
- (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.

This is the first set of the company's annual financial statements in which IFRS 16 *Leases* have been applied. Changes to significant accounting policies are described in note 3.

**New and amended standards and interpretations issued but not yet effective**

At the date of approval of these financial statements, certain new and amended standards and interpretations 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 *References to Conceptual Framework in IFRS Standards* is effective retrospectively for annual reporting periods beginning on or after January 1, 2020. The revised framework covers all aspects of standard setting including the objective of financial reporting.

The main change relates to how and when assets and liabilities are recognised and de-recognised in the financial statements.

- New 'bundle of rights' approach to assets will mean that an entity may recognise a right to use an asset rather than the asset itself;
- A liability will be recognised if a company has no practical ability to avoid it. This may bring liabilities on balance sheet earlier than at present.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2020*(Expressed in Jamaica dollars unless otherwise stated)*2. Statement of compliance and basis of preparation (continued)

## (a) Statement of compliance (continued)

**New and amended standards and interpretations issued but not yet effective (continued)**

- Amendments to *References to Conceptual Framework in IFRS Standards* (continued):
  - A new control-based approach to de-recognition will allow an entity to derecognize an asset when it loses control over all or part of it; the focus will no longer be on the transfer of risks and rewards.
- Amendment to IAS 1, Presentation of Financial Statements and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors is effective for annual reporting periods beginning on or after January 1, 2020, and provides a definition of ‘material’ to guide preparers of financial statements in making judgements about information to be included in financial statements.

*“Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”*

- Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures*, effective for annual accounting periods beginning on or after January 1, 2020, address issues affecting financial reporting in the period leading up to interbank offered rates (IBOR) reform. The amendments apply to all hedging relationships directly affected by uncertainties related to IBOR reform. The entity is required to:
  - assume that the interest rate benchmark on which hedged cash flows are based is not altered as a result of IBOR reform when assessing whether the future cash flows are highly probable.
  - assess whether the economic relationship between the hedged item and the hedging instrument exists based on the assumptions that the interest rate benchmark is not altered as a result of IBOR reform.
  - not discontinue a hedging relationship during the period of uncertainty arising from IBOR reform solely because the actual results of the hedge are outside the range of 80-125 per cent.
  - apply the separately identifiable requirement only at the inception of the hedging relationship.
  - prospectively cease applying the exceptions at the earlier of:
    - (a) when the uncertainty regarding the timing and the amount of interest rate benchmark based cash flows is no longer present; and
    - (b) the discontinuation of the hedging relationship (or reclassification of all amounts from the cash flow hedge reserve).

Additional disclosures will be required for hedging relationships directly affected by IBOR reform.

The company is assessing the impact that these new, and amended standards and interpretations will have on its financial statement when they become effective.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2020*(Expressed in Jamaica dollars unless otherwise stated)*2. Statement of compliance and basis of preparation (continued):

## (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.

## (c) Accounting estimates and judgements

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

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

## Key sources of estimation uncertainty

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

## • Pension benefits

The amounts recognised in the statements of financial position and profit or loss and other comprehensive income for pension 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 loss (ECL) and selection and approval of models used to measure expected credit losses (ECL) requires significant judgement.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2020*(Expressed in Jamaica dollars unless otherwise stated)*2. Basis of preparation (continued)

## (c) Accounting estimates and judgements (continued)

## Key sources of estimation uncertainty (continued)

- Allowance for impairment losses (continued)

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 expected credit loss (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.

3. Change in accounting policies

Except for the changes below, the company has consistently applied the accounting policies to all periods presented in these financial statements.

**New and amended standards that became effective during the year**

During the year, certain new and amended standards became effective. The company adopted IFRS 16 Leases, IFRIC 23 Uncertainty over Income Tax Treatments, and Amendments to IFRS 9 Financial Instruments with effect from April 1, 2019.

- IFRS 16 Leases replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

As a lessee, the company can either apply the standard using a:

- retrospective approach; or
- modified retrospective approach with optional practical expedients. The lessee applies the election consistently to all of its leases.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2020*(Expressed in Jamaica dollars unless otherwise stated)*3. Change in accounting policies (cont'd)**New and amended standards that became effective during the year (continued)**

When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition.

The adoption of IFRS 16 did not have an impact on the financial statements [See also note 4(r)].

4. 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.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2020*(Expressed in Jamaica dollars unless otherwise stated)*4. Significant accounting policies (continued)

## (a) Financial instruments (continued)

## (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.

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, 2020*(Expressed in Jamaica dollars unless otherwise stated)*4. 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, 2020*(Expressed in Jamaica dollars unless otherwise stated)*4. Significant accounting policies (continued)

## (c) Investments

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

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

Resale agreements are accounted for as short-term collateralised lending. Resale agreements are classified as amortised cost and 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 carried 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 4(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 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, 2020*(Expressed in Jamaica dollars unless otherwise stated)*4. 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 surplus or deficit.

## (f) Inventories

Inventories are measured at the lower of cost or net realisable value determined on the first-in-first-out basis and are shown net of the provision for obsolete inventory of \$Nil (2019: \$24,562,442). The provision is included in the administrative expenses.

## (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 asset 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, 2020*(Expressed in Jamaica dollars unless otherwise stated)*4. 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 surplus or deficit.

## (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, 2020*(Expressed in Jamaica dollars unless otherwise stated)*4. 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, 2020*(Expressed in Jamaica dollars unless otherwise stated)*4. 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 surplus or deficit.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2020*(Expressed in Jamaica dollars unless otherwise stated)*4. 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, 2020*(Expressed in Jamaica dollars unless otherwise stated)*4. 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 from this sale 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 from drainage service 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, 2020*(Expressed in Jamaica dollars unless otherwise stated)*4. 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) Operating leases

*Policy applicable from April 1, 2019*

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.

This policy is applied to contracts entered into, on or after April 1, 2019.

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, 2020*(Expressed in Jamaica dollars unless otherwise stated)*4. Significant accounting policies (continued)

## (r) Operating leases (continued)

*Policy applicable before April 1, 2019*

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. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

As a lessee

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.

5. Cash and cash equivalents

	<u>2020</u>	<u>2019</u>
Cash	131,228	123,114
Bank balances	<u>182,136,790</u>	<u>279,094,228</u>
	<u>182,268,018</u>	<u>279,217,342</u>

Cash includes the amount of \$82,770,277 (2019: \$88,501,532) received for use in specific projects and refund of customers' deposits.

6. Investments

	<u>2020</u>	<u>2019</u>
Amortised cost		
Resale agreements [see note (i) below]	1,872,096	10,400,413
Fair value through profit or loss		
Units held in NCB Capital Markets CAP Funds	<u>1,485,384</u>	<u>1,446,484</u>
	<u>3,357,480</u>	<u>11,846,897</u>

(i) Resale agreements of \$1,872,096 (2019: \$1,847,573) is being held in escrow on behalf of one (2019: one) 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 \$1,838,000 (2019: \$10,364,840).

(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, 2020*(Expressed in Jamaica dollars unless otherwise stated)*7. Accounts receivable

	<u>2020</u>	<u>2019</u>
Trade receivables for water sales and drainage charges [note 25(b)(ii)]	156,029,644	159,408,415
Staff loans	12,090,750	12,106,657
Other receivables	<u>118,204,337</u>	<u>51,689,200</u>
	286,324,731	223,204,272
Provision for impairment losses	<u>( 90,675,411)</u>	<u>( 98,828,253)</u>
	<u>195,649,320</u>	<u>124,376,019</u>

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

	<u>2020</u>	<u>2019</u>
Trade receivables	82,350,286	90,503,128
Other receivables	<u>8,325,125</u>	<u>8,325,125</u>
	<u>90,675,411</u>	<u>98,828,253</u>

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

	<u>2020</u>		<u>2019</u>	
	<u>Gross</u>	Impairment allowance under <u>IFRS 9</u>	<u>Gross</u>	Impairment allowance under <u>IFRS 9</u>
0-29 days	44,541,145	4,458,331	35,217,903	4,451,846
Past due 30-59 days	29,505,518	3,993,824	29,932,229	3,707,602
Past due 60-89 days	11,181,305	3,096,455	15,194,512	3,701,947
Over 90 days	<u>70,801,676</u>	<u>70,801,676</u>	<u>79,063,771</u>	<u>78,641,733</u>
	<u>156,029,644</u>	<u>82,350,286</u>	<u>159,408,415</u>	<u>90,503,128</u>

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

	<u>2020</u>	<u>2019</u>
Balance as at April 1	98,828,253	70,999,537
Amounts written back	-	-
Change on initial application of IFRS 9	-	18,350,253
(Decrease)/increase in allowance for impairment	<u>( 8,152,842)</u>	<u>9,478,463</u>
Balance as at March 31	<u>90,675,411</u>	<u>98,828,253</u>

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

(v) Other receivables includes deposits on property, plant and equipment of \$47,395,550 (2019: \$12,394,587).

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2020*(Expressed in Jamaica dollars unless otherwise stated)*8. Long-term receivables

	<u>2020</u>	<u>2019</u>
Refundable utility deposits	2,575,379	2,575,379
Employee loans	<u>41,394,875</u>	<u>28,233,308</u>
	43,970,254	30,808,687
Less: Current portion	<u>(12,728,488)</u>	<u>(10,251,100)</u>
	<u>31,241,766</u>	<u>20,557,587</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 asset

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>2020</u>	<u>2019</u>
Present value of funded obligation	(1,637,175,000)	(1,323,500,000)
Fair value of plan assets	1,659,744,000	1,683,657,000
Unrecognised asset due to asset ceiling	<u>-</u>	<u>( 202,139,000)</u>
Asset recognised in the statement of financial position	<u>22,569,000</u>	<u>158,018,000</u>

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

	<u>2020</u>	<u>2019</u>
Balance at beginning of year	158,018,000	198,287,000
Contributions paid	24,365,000	20,192,000
Pension expense recognised in profit or loss	( 22,083,000)	( 21,413,000)
Remeasurement recognised in other comprehensive income	<u>( 137,731,000)</u>	<u>( 39,048,000)</u>
Balance at end of year	<u>22,569,000</u>	<u>158,018,000</u>

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2020*(Expressed in Jamaica dollars unless otherwise stated)*9. Employee benefits asset (continued)

## (c) Movement in the present value of obligation:

	<u>2020</u>	<u>2019</u>
Balance at beginning of year	1,323,500,000	1,296,605,000
Service costs	35,028,000	37,947,000
Interest on obligation	90,893,000	96,626,000
Employees' contributions	30,394,000	24,965,000
Benefits paid	( 82,510,000)	( 100,848,000)
Annuities purchased	42,827,000	63,331,000
Actuarial losses/(gains) arising from:		
Changes in financial assumptions	85,069,000	86,800,000
Experience adjustments	<u>111,974,000</u>	<u>( 181,926,000)</u>
Balance at end of year	<u>1,637,175,000</u>	<u>1,323,500,000</u>

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

	<u>2020</u>	<u>2019</u>
Fair value of plan assets at beginning of year	1,683,657,000	1,557,365,000
Employees' contributions	30,394,000	24,965,000
Employer's contributions	24,365,000	20,192,000
Interest income on plan assets	117,988,000	117,845,000
Benefits paid	( 82,510,000)	( 100,848,000)
Annuities purchased	42,827,000	63,331,000
Actuarial gains/(losses) arising from:		
Change in financial assumptions	9,602,000	5,127,000
Experience adjustments	<u>( 166,579,000)</u>	<u>( 4,320,000)</u>
Fair value of plan assets at end of year	<u>1,659,744,000</u>	<u>1,683,657,000</u>

## (ii) Plan assets consist of the following:

	<u>2020</u>	<u>2019</u>
International equity fund	93,701,000	96,990,000
Global markets fund	29,555,000	30,807,000
Equity fund	470,914,000	492,564,000
Fixed income fund	26,376,000	48,386,000
Mortgage and real estate fund	298,870,000	352,733,000
Money market fund	37,255,000	37,413,000
Foreign currency fund	263,799,000	262,086,000
Adjustments	( 2,433,000)	( 8,195,000)
Value of purchased annuities	277,464,000	220,447,000
CPI indexed fund	<u>164,243,000</u>	<u>150,426,000</u>
	<u>1,659,744,000</u>	<u>1,683,657,000</u>

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2020*(Expressed in Jamaica dollars unless otherwise stated)*9. Employee benefits asset (continued)

## (e) Expense recognised in profit or loss:

	<u>2020</u>	<u>2019</u>
Current service costs	35,028,000	37,947,000
Interest on obligation	90,893,000	96,626,000
Interest income on plan assets	(117,988,000)	(117,845,000)
Interest on effect of asset ceiling	<u>14,150,000</u>	<u>4,685,000</u>
Net pension expense included in staff costs (note 23)	<u>22,083,000</u>	<u>21,413,000</u>

## (f) Amounts recognised in other comprehensive income:

	<u>2020</u>	<u>2019</u>
Experience adjustments	62,264,000	(42,625,000)
Change in financial assumptions	<u>75,467,000</u>	<u>81,673,000</u>
	<u>137,731,000</u>	<u>39,048,000</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>2020</u>		<u>2019</u>	
	1% <u>Decrease</u>	1% <u>Increase</u>	1% <u>Decrease</u>	1% <u>Increase</u>
Discount rate	208,893,000	(165,980,000)	160,280,000	(127,419,000)
Future salary increases	( 53,506,000)	58,842,000	( 38,812,000)	43,553,000
Future pension increases	<u>(138,800,000)</u>	<u>161,285,000</u>	<u>(108,551,000)</u>	<u>125,674,000</u>

## (i) Liability duration:

	<u>2020</u>	<u>2019</u>
Active members and all participants	<u>31 years</u>	<u>32 years</u>

NATIONAL IRRIGATION COMMISSION LIMITED

## Notes to the Financial Statements (Continued)

Year ended March 31, 2020*(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>2020</u>	<u>2019</u>
Discount rate	6.5%	7.0%
Inflation rate	3.0%	3.0%
Future salary increases	4.0%	3.0%
Future pension increases	<u>1.5%</u>	<u>1.5%</u>

(k) The company expects to pay \$57,611,000 in contributions to the plan in 2020/2021 (2019/2020: \$46,644,000).

10. Intangible asset

	<u>Computer software</u>	
	<u>2020</u>	<u>2019</u>
Cost	<u>13,049,961</u>	<u>13,049,961</u>
Amortisation:		
At beginning of year	10,439,761	9,134,795
Charge for the year (note 19)	<u>1,304,966</u>	<u>1,304,966</u>
At end of year	<u>11,744,727</u>	<u>10,439,761</u>
Net book value	<u>1,305,234</u>	<u>2,610,200</u>

11. Property, plant and equipment

	<u>Building &amp; leasehold improvements</u>	<u>Utility plant</u>	<u>Furniture, fixtures &amp; equipment</u>	<u>Motor vehicles</u>	<u>Machinery and equipment</u>	<u>Capital work-in- progress</u>	<u>Total</u>
<b>Cost</b>							
March 31, 2018	107,155,160	1,769,040,519	151,283,659	45,034,451	23,731,114	44,808,799	2,141,053,702
Additions	<u>22,453,154</u>	<u>183,802,760</u>	<u>33,956,903</u>	<u>2,542,459</u>	<u>3,317,630</u>	<u>22,433,563</u>	<u>268,506,469</u>
March 31, 2019	129,608,314	1,952,843,279	185,240,562	47,576,910	27,048,744	67,242,362	2,409,560,171
Additions	<u>10,849,241</u>	<u>107,028,901</u>	<u>25,397,250</u>	<u>-</u>	<u>-</u>	<u>66,972,875</u>	<u>210,248,268</u>
March 31, 2020	<u>140,457,555</u>	<u>2,059,872,180</u>	<u>210,637,812</u>	<u>47,576,910</u>	<u>27,048,744</u>	<u>134,215,237</u>	<u>2,619,808,438</u>
<b>Depreciation</b>							
March 31, 2018	29,493,739	1,252,946,890	105,776,409	31,379,157	6,336,737	-	1,425,932,932
Charge for the year	<u>2,946,976</u>	<u>34,546,640</u>	<u>12,122,184</u>	<u>3,835,775</u>	<u>646,108</u>	<u>-</u>	<u>54,097,683</u>
March 31, 2019	32,440,715	1,287,493,530	117,898,593	35,214,932	6,982,845	-	1,480,030,615
Charge for the year	<u>3,109,856</u>	<u>37,715,549</u>	<u>15,270,937</u>	<u>3,962,898</u>	<u>675,869</u>	<u>-</u>	<u>60,735,108</u>
March 31, 2020	<u>35,550,571</u>	<u>1,325,209,079</u>	<u>133,169,530</u>	<u>39,177,830</u>	<u>7,658,714</u>	<u>-</u>	<u>1,540,765,723</u>
<b>Net book values</b>							
March 31, 2020	<u>\$104,906,984</u>	<u>734,663,101</u>	<u>77,468,282</u>	<u>8,399,080</u>	<u>19,390,030</u>	<u>134,215,237</u>	<u>1,079,042,715</u>
March 31, 2019	<u>\$ 97,167,599</u>	<u>665,349,749</u>	<u>67,341,969</u>	<u>12,361,978</u>	<u>20,065,899</u>	<u>67,242,362</u>	<u>929,529,556</u>
March 31, 2018	<u>\$ 77,661,421</u>	<u>516,093,629</u>	<u>45,507,250</u>	<u>13,655,294</u>	<u>17,394,377</u>	<u>44,808,799</u>	<u>715,120,770</u>

(i) Leasehold improvements with net book value of \$43,466,802 (2019: \$97,192,689) are included in building and leasehold improvements.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2020*(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>2020</u>	<u>2019</u>
Customer deposits	20,044,182	18,660,104
Trade payables	55,594,711	53,992,537
Accrued vacation leave	48,842,211	45,228,285
Provision for litigation settlement (i)	19,291,097	17,818,069
Education tax payable including interest (ii)	56,681,230	56,681,230
Other accruals (iii)	115,091,072	113,652,262
Other payables (iv)	15,335,524	7,988,961
General Consumption Tax (GCT) payable	<u>23,652,808</u>	<u>8,123,732</u>
	<u>354,532,835</u>	<u>322,145,180</u>

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

	<u>2020</u>	<u>2019</u>
Balance as at April 1	17,818,069	7,380,272
Amounts paid	-	( 3,265,200)
Additional provision recognised	<u>1,473,028</u>	<u>13,702,997</u>
Balance as at March 31	<u>19,291,097</u>	<u>17,818,069</u>

- (ii) Education tax payable, including interest, represents amounts owing to the Tax Administration of Jamaica for the periods 2011 to 2016.
- (iii) Other accruals includes 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 \$99,755,542 (2019: \$99,755,542). The amount to be refunded is subject to agreement.
- (iv) Other payables include \$1,872,096 (2019: \$1,847,573) received from Sagicor Life Jamaica Limited on behalf of former employees who died intestate; this is backed by restricted funds held in investments [note 6(i)].

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2020*(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>2020</u>	<u>2019</u>
National Irrigation Development Plan (NIDP)		
- Implementation	42,705,255	42,705,255
Canal lining and other projects	12,781,878	2,641,099
Rain Water Harvesting Project	( 11,000)	( 11,000)
Government of Jamaica (GOJ) Agricultural		
Productivity Projects	17,375,297	17,375,297
Fishing Beach Projects	<u>4,258,785</u>	<u>4,258,785</u>
	<u>77,110,215</u>	<u>66,969,436</u>

14. Deferred credit

	<u>Balance at March 31, 2018</u>	<u>Movement during the year</u>	<u>Balance at March 31, 2019</u>	<u>Movement during the year</u>	<u>Balance at March 31, 2020</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	645,614,678	213,454,655	859,069,333	82,501,622	941,570,955
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>-</u>	<u>33,100,318</u>	<u>-</u>	<u>33,100,318</u>
	1,198,546,182	213,454,655	1,412,000,837	82,501,622	1,494,502,459
Amortisation transferred to profit or loss	<u>( 906,278,765)</u>	<u>( 33,343,717)</u>	<u>( 939,622,482)</u>	<u>( 38,009,241)</u>	<u>( 977,631,723)</u>
	<u>292,267,417</u>	<u>180,110,938</u>	<u>472,378,355</u>	<u>44,492,381</u>	<u>516,870,736</u>

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2020*(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>2020</u>	<u>2019</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 as rates. 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 \$1.424 billion (2019: \$1.292 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 \$1.328 billion (2019: \$1.236 billion) was approved by Parliament of which \$1.343 billion (2019: \$1.219 billion) was paid to the company.

18. Other income

	<u>2020</u>	<u>2019</u>
Amortisation of interest on concessionary loans	5,818,680	3,992,843
Insurance claim settlement	-	615,170
Service fees	-	1,986,538
Fair value gains	38,901	96,791
Sales of plants	2,532,789	1,801,017
Miscellaneous	<u>5,036,093</u>	<u>3,652,396</u>
	<u>13,426,463</u>	<u>12,144,755</u>

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2020*(Expressed in Jamaica dollars unless otherwise stated)*19. Expenses by nature

	<u>2020</u>	<u>2019</u>
Amortisation of intangible asset (note 10)	1,304,966	1,304,966
Advertising and public relations	15,547,232	9,076,339
Advisory committee fees and related expenses	2,864,700	3,510,886
Bank charges	1,906,504	1,043,717
Computer expenses	19,120,807	16,040,794
Depreciation (note 11)	60,735,108	54,097,683
Directors' expenses	4,632,178	4,528,433
Electricity	510,770,481	425,368,541
Equipment hireage	16,169,700	6,316,368
Fuel and lubricants	7,463,919	4,788,798
General Consumption Tax (GCT)	344,536	( 10,100,543)
General expenses	2,562,791	4,470,335
Haulage	8,436,354	3,311,523
Insurance	14,184,122	10,524,329
Interest and penalties	-	4,232
Interest on concessionary loans	8,296,069	5,965,419
Inventory provision – obsolete stock	-	24,562,442
Maintenance of conveyance system (labour)	155,389,615	136,834,797
Motor vehicle fuel, repairs and maintenance	27,735,933	25,548,801
Office maintenance, rental and property taxes	12,837,058	4,405,128
Office refreshments	4,920,015	4,754,634
Office utilities	16,586,461	14,790,640
Other expenses	1,060,200	822,298
Professional fees	25,688,644	23,547,439
Regulatory fees	11,720,617	6,798,550
Repairs to buildings, distribution canals, pipelines and pumps	80,495,366	54,730,187
Salaries, wages and related costs (note 23)	799,577,642	711,236,515
Security	42,704,399	37,776,070
Special projects expenses	13,427,516	37,354,181
Stationery	4,286,933	6,804,608
Subscriptions and donations	537,923	404,674
Telephone, postage, data, etc.	<u>18,883,871</u>	<u>15,017,116</u>
	<u>1,890,191,660</u>	<u>1,645,639,900</u>
Presented as follows:		
Cost of producing water and distributing it to farms	1,439,879,213	1,195,575,994
Administrative expenses	<u>450,312,447</u>	<u>450,063,906</u>
	<u>1,890,191,660</u>	<u>1,645,639,900</u>

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2020*(Expressed in Jamaica dollars unless otherwise stated)*20. Net finance income

	<u>2020</u>	<u>2019</u>
Finance income:		
Investments and cash and cash equivalents	64,811	53,262
Other	<u>536,483</u>	<u>510,252</u>
	<u>601,294</u>	<u>563,514</u>

21. Taxation

- (a) The provision for income tax is computed at 33 $\frac{1}{3}$ % of the results for the year, as adjusted for tax purposes, and is made up as follows:

	<u>2020</u>	<u>2019</u>
Current tax charge:		
Provision for charge on current year's surplus, being actual tax charge recognised	<u>10,608,479</u>	<u>32,676,841</u>

- (b) The actual taxation charge differs from the theoretical tax charge for the year as follows:

The effective tax rate for 2020 was 11.70% (2019: 16.57%) of pre-tax surplus compared to the statutory rate of 33 $\frac{1}{3}$ %. (2019: 33 $\frac{1}{3}$ %).

	<u>2020</u>	<u>2019</u>
Surplus before taxation	<u>90,649,036</u>	<u>197,242,539</u>
Computed "expected" tax charge	30,216,325	65,747,513
Tax effect of treating items differently for financial statements and tax reporting purposes -		
Depreciation, amortisation and capital allowances	876,319	( 66,666)
Amortisation of deferred credits	(12,669,747)	( 11,114,572)
Expenses not allowed for tax purposes	1,670,684	10,097,244
Interest on concessionary loans	825,796	657,525
Tax losses	(10,608,479)	( 32,676,841)
Other	<u>297,581</u>	<u>32,638</u>
Actual tax charge recognised	<u>10,608,479</u>	<u>32,676,841</u>

- (c) At March 31, 2020, taxation losses amounting to approximately \$101,985,000 (2019: \$116,254,000) 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 \$39,619,600 (2019: \$207,000) in respect of taxation losses and temporary differences 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.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2020*(Expressed in Jamaica dollars unless otherwise stated)*22. Surplus for the year

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

	<u>2020</u>	<u>2019</u>
Directors' emoluments		
Fees	1,304,063	1,150,675
Travelling	1,803,907	1,691,929
Other expenses	1,524,209	1,685,830
Auditors' remuneration	<u>6,334,500</u>	<u>6,150,000</u>

23. Employee numbers and costs

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

	<u>2020</u>	<u>2019</u>
Full-time	191	196
Part-time	26	29
Other	<u>11</u>	<u>4</u>
	<u>228</u>	<u>229</u>

The aggregate payroll costs for these persons were as follows:

	<u>2020</u>	<u>2019</u>
Salaries	474,475,440	423,088,144
Statutory payroll contributions	35,939,523	53,201,601
Pension benefit cost [note 9(e)]	22,083,000	21,413,000
Travel and subsistence	188,299,701	146,622,059
Gratuities	10,487,907	7,598,203
Training	6,795,520	7,984,856
Accrued vacation leave	3,613,927	2,935,058
Insurance scheme	45,229,732	39,017,864
Staff welfare	<u>12,652,892</u>	<u>9,375,730</u>
	<u>799,577,642</u>	<u>711,236,515</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.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2020*(Expressed in Jamaica dollars unless otherwise stated)*24. Related party balances and transactions (continued)

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

	<u>2020</u>	<u>2019</u>
Accounts receivable:		
Directors	1,317,890	71,742
Long-term receivables:		
Employee loans - key management personnel	<u>22,502</u>	<u>292,525</u>

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

	<u>2020</u>	<u>2019</u>
Compensation paid to other key management personnel:		
Salaries to other key management personnel	45,534,949	42,277,878
Post-employment benefits	<u>957,000</u>	<u>1,031,000</u>
	<u>46,491,949</u>	<u>43,308,878</u>
Interest income from key management personnel	<u>679,978</u>	<u>26,671</u>

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 bi-monthly 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.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2020*(Expressed in Jamaica dollars unless otherwise stated)*25. Financial risk management (continued)

## (a) Overview (continued):

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

## (b) Credit risk:

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

## (i) Cash and cash equivalents and investments

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

The company limits its exposure to credit risk by investing only in liquid securities that are backed by the Government of Jamaica through established counterparties that are licensed under the Financial Institutions Act and registered with the Financial Services Commission. Consequently, management does not expect any counterparties to fail to meet their obligations. Collateral is held for resale agreements. Therefore, the company considers the credit risk to be low and no impairment allowance has been recognized.

## (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 monthly.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2020*(Expressed in Jamaica dollars unless otherwise stated)*25. Financial risk management (continued)

## (b) Credit risk (continued):

## (ii) Trade receivables (continued)

*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>2020</u>	<u>2019</u>
St. Thomas	4,832,026	3,625,538
St. Catherine	72,100,689	87,809,811
Clarendon	36,062,593	38,429,730
St. Elizabeth	39,685,864	25,381,515
Trelawny	2,438,420	3,437,595
St. James	<u>910,052</u>	<u>724,226</u>
	<u>156,029,644</u>	<u>159,408,415</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.

*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, 2020 was \$123,948,296 (2019: \$77,724,500). 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.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2020*(Expressed in Jamaica dollars unless otherwise stated)*25. Financial risk management (continued)

## (b) Credit risk (continued):

Expected credit loss assessment (continued)

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

<u>Age buckets</u>	<u>2020</u>			
	<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	10.01	44,541,145	4,458,331	No
30-59 days	13.54	29,505,518	3,993,824	No
60-89 days	27.69	11,181,305	3,096,455	No
Over 90 days	100.00	<u>70,801,676</u>	<u>70,801,676</u>	Yes
		<u>156,029,644</u>	<u>82,350,286</u>	
<u>Age buckets</u>	<u>2019</u>			
	<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	12.64	35,217,903	4,451,846	No
30-59 days	12.39	29,932,229	3,707,602	No
60-89 days	24.36	15,194,512	3,701,947	No
Over 90 days	99.46	<u>79,063,771</u>	<u>78,641,733</u>	Yes
		<u>159,408,415</u>	<u>90,503,128</u>	

*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.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2020*(Expressed in Jamaica dollars unless otherwise stated)*26. Financial risk management (continued)

## (b) Credit risk (continued):

Expected credit loss assessment (continued)

IFRS 9 outlines a ‘three-stage’ model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in ‘Stage 1’ and has its credit risk continuously monitored by the company.
- If a significant increase in credit risk (‘SICR’)[see note 4(h)] since initial recognition is identified, the financial instrument is moved to ‘Stage 2’ but is not yet deemed to be credit-impaired.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

## Incorporation of forward-looking information

The company incorporates forward-looking information into the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of the expected credit losses (ECL).

The impact of these economic variables on the probability of default (PD), exposure at default (EAD) and loss given default (LGD) has been determined by performing a trend analysis and compared historical information with forecast macro-economic data to determine whether the indicator describes a positive, negative or stable trend and to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

The company formulates three scenarios: a base case, which is median scenario assigned a 50% probability of occurring and two less likely scenarios, being best, assigned a rating of 20% and worst, assigned a rating of 30%. The base case is aligned with information used by the company for other purposes such as strategic planning. External information considered includes economic data and forecast published by government bodies, monetary bodies and supranational organisations such as International Monetary Fund.

The scenario weightings are determined by a combination of statistical analysis and expert credit judgement.

The company has identified and documented key drivers of credit risk and credit losses and using the scorecard approach has estimated relationships between macro-economic variables and credit risk and credit losses. The company has assessed that the key drivers of its trade receivables portfolio are inflation 20%, interest rate 25%, gross domestic product 25% and unemployment 30%.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2020*(Expressed in Jamaica dollars unless otherwise stated)*25. Financial risk management (continued)

## (b) Credit risk (continued):

Measurement of the expected credit loss (ECL)

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next twelve months (12-month PD) or over the remaining lifetime (lifetime PD) of the obligation.

The company's trade receivables are measured at lifetime ECL.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Loss allowance

The recognition of a loss allowance recognised is impacted by the following factors:

- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments derecognised in the period;
- Impacts on the measurement of ECL due to changes made to models and assumptions; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

## (c) Liquidity risk:

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

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

The contractual outflow for accounts payable and accrued charges is represented by its carrying amount and may require settlement within 12 months of the reporting date. Government of Jamaica project advances 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.

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

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2020*(Expressed in Jamaica dollars unless otherwise stated)*25. Financial risk management (continued)

## (d) Market risk:

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

## (i) Currency risk

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

	<u>2020</u> US\$	<u>2019</u> US\$
Cash and cash equivalents	<u>-</u>	<u>5,324</u>

The average exchange rate for the US dollar in terms of Jamaica dollars, at March 31, 2020 was: US\$1.00 = J\$133.96 (2019: J\$125.02).

*Sensitivity analysis*

A 2% (2019: 4%) strengthening of the US\$ against the Jamaica dollar would have increased surplus by \$Nil (2019: \$26,624). A 6% (2019: 6%) weakening would have decreased surplus by \$Nil (2019: \$39,936). This analysis assumes that all other variables, in particular, interest rates, remain constant. The analysis is performed on the same basis as for 2019.

## (ii) Interest rate risk

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

*Profile*

At the reporting date, the interest rate profile of the company's interest-bearing financial instruments were at fixed rate and are carried at cost as follows:

	<u>Carrying amount</u>	
	<u>2020</u>	<u>2019</u>
Resale agreements	1,872,096	10,349,643
Employee loans	<u>12,090,750</u>	<u>12,106,657</u>
	<u>13,962,846</u>	<u>22,456,300</u>

All the company's interest-bearing financial instruments are carried at fixed rates and are not fair valued; 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.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2020*(Expressed in Jamaica dollars unless otherwise stated)*25. Financial risk management (continued)

## (e) Operational risk:

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

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

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

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

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.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2020*(Expressed in Jamaica dollars unless otherwise stated)*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.

Level 3 – Valuation techniques using significant unobservable inputs.

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

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

The fair values 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 6) 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

- (a) 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.
- (b) A claim was made against the company by an ex-employee in which the matter is still pending in the court to the ex-employee. An amount of \$3,784,526 (2019: \$3,784,526) is included in accounts payable (note 12) pending any claims.
- (c) A claim was made against the company for negligence. The claim for damages, estimated to be \$13,702,997 is included in accounts payable (note 12).
- (d) A claim was made against the company by an ex-employee in which the matter is still pending in the court. An amount of \$1,500,000 (2019: \$26,972) is included in accounts payable (note 12) pending any claims.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2020*(Expressed in Jamaica dollars unless otherwise stated)*28. Capital commitments

Commitments for capital expenditure were as follows:

	<u>2020</u>	<u>2019</u>
Capital commitments	<u>63,133,198</u>	<u>65,254,944</u>

29. Impact of COVID-19 on the operations of the company

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 activity, business operations and 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 recurrent budget has since experienced a reduction of \$47.34 million which will mainly impact the procurement of goods and services relating to repairs and maintenance of pipelines and canals and cleaning and drainage activities. Representation has been made and an appeal filed with the Ministry of Industry, Commerce, Agriculture and Fisheries (MICAF) with respect to the reduction primarily because it will affect the funding of two highly sensitive projects.

With a cut in overall public expenditure by the Government of Jamaica, the company also experienced a reduction in the allocated capital budget for the period 2020/2021. This resulted in a reduction of \$179.50 million in planned capital expenditure for the same period. This will affect the rehabilitation of irrigation infrastructure which now will be undertaken on a priority or phased basis. Also, a major solar project that was scheduled for Hounslow District has been deferred.

The demand for irrigation water has been increasing as the country moves into the summer period and farming activities have since increased subsequent to the initial impact of COVID-19. Farmers are responding to the increased local demand as the Ministry of Agriculture promotes increase production for both export and local consumption.

NATIONAL IRRIGATION COMMISSION LIMITED

SUPPLEMENTARY INFORMATION TO THE  
FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

**NATIONAL IRRIGATION COMMISSION LIMITED**

**Government of Jamaica Project Advances**

**As at and for year ended March 31, 2020**

*(Expressed in Jamaica dollars unless otherwise stated)*

<b>PROJECTS</b>	<b>Receipts at beginning of year</b>	<b>Received during year</b>	<b>Capital work</b>	<b>Expenditure capitalised</b>	<b>Non-capital expenditure</b>	<b>Capital 'B' expenditure</b>	<b>Capital funds utilised for deposits on property, plant and equipment</b>	<b>2020</b>	<b>2019</b>
Non Such Agro Park, St. Mary (Account #454120-00-00)	1,670,635	-	( 2,314,512)	-	-	-	( 643,877)	( 643,877)	( 643,877)
Construction of Dam	14,143,538	-	( 50,000)	( 14,022,668)	( 30,245)	-	-	40,625	40,625
Houslow	2,198,189	-	-	-	( 2,198,189)	-	-	-	-
Lining of Canals	663,175,055	207,697,000	( 23,143,495)	(380,802,502)	(406,687,751)	-	(47,456,550)	12,781,878	2,641,100
National Irrigation Development Plan	1,651,435,748	-	-	-	-	(1,608,245,522)	-	43,190,226	43,190,226
National Irrigation Development Plan	448,435,563	-	-	-	-	( 448,920,563)	-	( 485,000)	( 485,000)
- Implementation	485,000	-	-	-	-	-	-	485,000	485,000
IDB Well sites	254,444,544	-	-	(195,994,765)	( 40,805,819)	-	-	17,643,960	17,643,960
Other capital projects	30,000,000	-	(39,567,158)	-	( 4,111,330)	-	-	(13,678,488)	(13,678,488)
Agro. Parks Projects	2,701,354	-	-	-	( 528,773)	-	-	2,172,581	2,172,581
Joint Venture- New- Era rehab infrastructure	2,639,774	-	-	( 2,547,798)	-	-	-	91,976	91,976
Ext. Block E Pipeline	12,896,074	-	-	-	( 12,907,074)	-	-	( 11,000)	( 11,000)
Rain Water - Harvesting Project	6,042,125	-	-	-	( 8,006,974)	-	-	( 1,964,849)	( 1,964,849)
Energy Saving Projects	65,700,000	-	(13,065,725)	-	( 44,284,849)	-	-	8,349,426	8,349,426
Vernamfield Irrigation- System Project Phase 1	70,000,000	-	-	-	( 65,741,215)	-	-	4,258,785	4,258,785
Fishing Beach Projects	6,500,000	-	( 6,104,837)	-	-	-	-	395,163	395,163
Port Henderson re Lift Pump - Station-STU	2,090,000	-	( 2,231,820)	-	-	-	-	( 141,820)	( 141,820)
PGR Pump House Construction-STU	3,403,532	-	( 3,345,820)	-	-	-	-	57,712	57,712
Ebony Park filtration system-STU	5,174,718	-	-	-	( 5,213,557)	-	-	( 38,839)	( 38,839)
Wind Monitoring Project	4,400,000	-	( 560,000)	-	-	-	-	3,840,000	3,840,000
Vernam Irrigation System Phase 2	2,431,128	-	( 1,664,373)	-	-	-	-	766,755	766,755
JBI Project Funds- Schwallenburgh Green House	3,249,966,977	207,697,000	(92,047,739)	(593,367,733)	(590,515,776)	(2,057,166,085)	(47,395,550)	77,110,215	66,969,436

NATIONAL IRRIGATION COMMISSION LIMITED

## Expenses

Year ended March 31, 2020*(Expressed in Jamaica dollars unless otherwise stated)*Cost of producing and distributing water to farm gates

	<u>2020</u>	<u>2019</u>
Depreciation	60,735,108	54,097,683
Electricity	510,770,481	425,368,541
Equipment hireage	16,169,700	6,316,368
Fuel and lubricants	7,463,919	4,788,798
General expenses	2,562,791	4,470,335
General insurance	10,511,006	8,647,195
Haulage	8,436,354	3,311,523
Maintenance of conveyance system (labour)	141,741,108	117,278,839
Motor vehicle fuel, repairs and maintenance	23,037,723	20,420,235
Telephone, postage, data, etc.	6,258,208	4,079,056
Office refreshments	2,650,093	2,614,671
Stationery	2,389,864	2,552,964
Computer expenses	2,190,069	2,472,232
Bank charges	35,385	113,846
Regulatory fees	11,720,617	6,798,550
Office rent and property rental	1,315,500	1,266,000
Office utilities	10,090,758	8,738,590
Advisory committee fees and related expenses	2,864,700	3,510,886
Professional fees	6,029,711	7,267,435
Repairs to buildings, distribution canals, pipelines, pumps, etc. (material)	80,495,366	54,730,187
Salaries, wages and related costs (see below)	492,095,025	420,820,470
Security	<u>40,315,727</u>	<u>35,911,590</u>
Total cost of producing and distributing water	<u>1,439,879,213</u>	<u>1,195,575,994</u>

Salaries, wages and related costs

Personnel emoluments	293,122,188	264,117,308
Insurance scheme	31,818,237	28,124,210
Statutory contributions	22,846,752	20,526,036
Staff welfare	5,985,113	3,589,387
Accrued vacation leave	3,299,120	98,156
Gratuities	1,529,275	-
Travel and subsistence	131,140,588	101,308,448
Training	<u>2,353,752</u>	<u>3,056,925</u>
	<u>492,095,025</u>	<u>420,820,470</u>

NATIONAL IRRIGATION COMMISSION LIMITED

Expenses (Continued)

Year ended March 31, 2020*(Expressed in Jamaica dollars unless otherwise stated)*Salaries, wages and related costs included in administrative expenses

	<u>2020</u>	<u>2019</u>
Personnel emoluments	181,353,252	158,970,836
Pension benefit cost (net of contribution)	22,083,000	21,413,000
Insurance scheme	13,411,495	10,893,654
Statutory contributions	13,092,771	32,675,565
Vacation leave	314,807	2,836,903
Gratuities	8,958,632	5,996,966
Staff welfare	6,667,779	5,786,343
Training	4,441,768	4,927,931
Travel and subsistence	<u>57,159,113</u>	<u>45,313,611</u>
	<u>307,482,617</u>	<u>288,814,809</u>







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