

# ANNUAL REPORT AND ACCOUNTS 2021



Waterways Ireland  
Uiscebhealaí Éireann Watterweys Airlann

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# FOREWORD

- CHIEF EXECUTIVE REVIEW



## INTRODUCTION

As I introduce the review of 2021 it is incumbent on me to acknowledge the delayed publication date of our Annual Report and Accounts. Our goal is to publish our Report and Accounts in a timely manner offering transparency and accountability in plain English to facilitate comprehension and understanding of our performance in that year. As I write this entering Q4 2023, it is obvious that we have not fulfilled our goal on timeliness.

The delay in the publication of our Annual Report and Accounts for 2021 is due to the need to resolve a technical accounting issue which has involved expansive weekly engagement with our Auditors (the Northern Ireland Audit Office (NIAO) and the Office of the Comptroller & Auditor General (OCAG)). During the 2021 annual audit a detailed review of the approach to the valuation of our canal assets was undertaken. Prior to this review our canal assets were valued at Net Book Value €277M as at Dec 31st 2019 and constituted a significant portion of our €748m Net Book Value as at Dec 31st 2019. This review was conducted over a 12-month period and involved internal and external technical and financial expertise. The canal assets within the scope of the review included Royal Canal, Grand Canal, Barrow Canal, Lower Bann, Lough Allen, Jamestown, and Shannon Erne.

The review was prompted following concerns expressed by our Auditors during the 2021 audit in relation to valuation changes after conditional inspections performed via our asset management inspection programme. To facilitate understanding there are further references on the Internal Control Statement page 33 and comprehensive background in pages 53 and 54.

## 2021 REVIEW

At a geopolitical level, COVID-19 has during 2021 continued to affect international and domestic trade – supply chains and demand cycles. Holiday opportunities for citizens on the island of Ireland have been constrained to domestic markets generating demand on and along our inland waterways.

At a local level COVID-19 has affected society in general with many citizens re-evaluating their behaviour sets. A positive outcome has been an increased focus on health and wellbeing and an acknowledgment that there is an abundance of natural amenities on the island of Ireland which can be enjoyed by members of the public.

Organisationally, COVID-19 has affected staff, however not to a level which impacted organisational capacity. The Waterways Ireland Covid-19 Project Team remains in place and continues to monitor the evolving situation.

COVID-19 is classified as a major risk on Waterways Ireland's Risk Register and mitigation measures are in situ.

A developing factor during 2021 likely to continue through 2022 is increasing costs associated with supply shortages; longer supply chain cycles; and escalating energy costs. These are particularly impactful on construction and maintenance projects which represent the bulk of Waterways Ireland's programme of activities. Our expenditure budgets will be severely tested to deliver continued value given the pressures on costs from these external factors.

In overall net terms, we anticipate our incremental current funding growth in 2022 will be consumed by increasing pension costs and inflationary pressures. Delivering capital projects within budget will be a challenge depending on the trajectory of input costs.

Waterways Ireland remains focused on our three Strategic Challenges.

- 1. Increase leadership and organisational capacity** – Waterways Ireland has successfully delivered a capacity-building human resources plan to mitigate organisational risk. Leadership capacity has been strengthened with three senior leadership appointments and resourcing has been targeted to support the growing portfolio of capital and development projects. A small number of business critical roles remain to be filled.
- 2. Improve governance, risk and control gaps** - Waterways Ireland has continued to make steady progress in addressing the key risks and internal control gaps as noted in the Statement of Internal Control. In summary, I am more assured that the foundations of a governance framework with appropriate structures and resources are approaching fit for purpose.
- 3. Develop a strategic 10-year long term plan** – Whilst much work has been completed on long term planning in 2021, execution of the plan is not expected in advance of 2023. There remains significant stakeholder engagement on the timing of two core elements of a future strategic plan.

Despite the challenges during 2021, Waterways Ireland continued to progress many plans and initiatives. I would like to take this opportunity to acknowledge some of our key achievements.

In March we launched the Shannon Tourism Master Plan – an initiative led by Waterways Ireland and our strategic partner Fáilte Ireland. It is an exemplar plan of collaboration as we worked with ten local authorities to deliver an integrated plan promoting tourism across the region supported by €76m investment.

In the same month, we also officially launched the Royal Canal Greenway – a scenic 130km walking and cycling amenity which stretches alongside our historic canal, making it the longest Greenway in the country. The route transverses through counties Kildare, Meath, Westmeath & Longford, and it is proving to be a popular destination amongst locals and tourists alike.

In April the 2021 Green Awards finalists were announced, and we were delighted to learn Waterways Ireland was amongst the 10 finalists shortlisted in the Green Public Sector Organisation category. Unfortunately, we were not successful in securing the title for a second consecutive year but being shortlisted as a finalist is a superb achievement.

In April we were awarded €12m in funding for Phase 2 of the Ulster Canal Restoration. This will enable significant progress on the restoration of the Ulster Canal between Clones and Clonfad in County Monaghan. It includes the construction of a new marina at Clones, alongside access bridges, a recreational and amenity area and new towpaths and walking trails along the canal. We were also granted €1m funding for Phase 3 preparatory works.

In June we celebrated the official launch of our Digital Archive with Minister Noonan. This unique public asset, with over 7,000 original images and historic records, now allows visitors to virtually explore 200 years of Irish Waterways history at their fingertips from anywhere in the world.

In July we launched a national marketing campaign promoting the Unexplored Outdoors. The campaign ran across national and regional radio, press and digital, encouraging people to get away from it all, step back to nature and have fun on and along our inland waterways. In September we welcomed Minister O'Brien and Minister Noonan to the official launch of Meelick Weir and Walkway on the Shannon River following its €3.2m restoration. Construction work began in 2019 and included the restoration of the weir, its 295m walkway and new tilting weir gates. The infrastructure links the historic village of Meelick in east Galway to Lusmagh in west Offaly. This is a prime example of re-imagining our waterways - Linking Counties, Linking Communities.

And in November we came full circle welcoming both Ministers back to the Shannon River, this time Athlone to acknowledge the successes realised in year one of the Shannon Tourism Masterplan. At year end we have delivered six projects in Leitrim, Roscommon, Longford, and Westmeath with development projects in Galway in train.

Also, in November we welcomed Minister Mallon to our Headquarters in Enniskillen to share with her our first ever Climate Action Plan.

And whilst all of these 'hard' projects have been delivered we also progressed, or have in train, a plethora of 'soft' projects including:

- A Brand & Marketing strategy.
- Draft Bye Laws for the Canals.
- A review of our Water Management Strategy.
- Significant advancement in Health & Safety.
- A strategic Vision for Dublin.
- A feasibility study for 'On Water Living'.

It has been an extremely busy and fulfilling year for Waterways Ireland.

I would like to thank our customers, our strategic partners, local authorities, contractors and suppliers for your support and collaboration in contributing to the achievements I have mentioned.

Similarly, our Ministers and Sponsor Departments Officials have been receptive, positive, and supportive.

Finally, I am extremely proud of our staff throughout 2021 at a time which is uncertain and disruptive. I thank you for your efforts, commitment, and resilience.

Thank you,



John McDonagh  
Chief Executive  
26th October 2023



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# 1

## WATERWAYS IRELAND

- ABOUT WATERWAYS IRELAND
- ORGANISATIONAL STRUCTURE
- SENIOR MANAGEMENT TEAM
- CORPORATE GOVERNANCE



## WHO WE ARE

Waterways Ireland is a cross-border Body, the largest of six North/South Implementation Bodies established under the British Irish Agreement of 10 April 1998. This Agreement was given domestic effect by means of the North/South Co-Operation (Implementation Bodies) (Northern Ireland) Order, 1999 and the British-Irish Agreement Act, 1999 respectively.

The Body employs approximately 350 staff located at offices and sites close to our inland waterways who are assisted by a team of seasonally recruited staff reflecting the seasonality of the organisation's remit. In addition, we are supported by communities and volunteers across the 1,000 km of navigations who help look after the waterway's amenity areas in towns and villages. The organisation's headquarters is in Enniskillen, Co Fermanagh with regional offices in Dublin, Carrick-on-Shannon and Scariff.

## WHAT WE DO

We are the navigation authority for over 1,000 km of navigable inland waterways, comprising:

- I. Lower Bann Navigation
- II. Erne System
- III. Shannon-Erne Waterway
- IV. Shannon Navigation
- V. Royal Canal
- VI. Grand Canal
- VII. Barrow Navigation

Our statutory function is to manage, maintain, develop and restore specified inland navigable waterways, principally for recreational purposes. In July 2007, it was agreed by the North/South Ministerial Council (NSMC) to include responsibility for the reconstruction of the Ulster Canal from Upper Lough Erne to Clones, and following restoration, for its management, maintenance and development, principally for recreational purposes. The NSMC at its 10 June 2015 meeting welcomed the Irish Government's approval on 24 February 2015, to progress the first phase of the Ulster Canal restoration from Upper Lough Erne to the International Scout Centre at Castle Saunderson, near Belturbet in Co Cavan. The NSMC also agreed at the June 2015 meeting that Waterways Ireland lead on the development of a Greenway along the corridor of the Ulster Canal in association with relevant councils and stakeholders.

At an operational level, we have responsibility for navigation channels, embankments, towpaths, adjoining lands, harbours, jetties, fishing stands, bridges, culverts, aqueducts, overflows, locks, sluices and lock houses along with buildings and archives. The current valuation

of the rebuild costs of infrastructure is estimated at €1 billion. Our work programmes are critical to providing a safe and high-quality recreational environment for our customers, whilst also preserving the industrial and environmental heritage of the waterways for future generations. These challenges must be balanced with our objective of increasing recreational activity across all our waterways.

## HOW WE OPERATE

As a cross-border Body, we operate under the policy direction of the North/South Ministerial Council and the two Governments and are accountable to the NI Assembly and the Houses of the Oireachtas. At an administrative level, we report to our Sponsor Departments, the Department for Infrastructure (DfI) and the Department of Housing, Local Government and Heritage (DHLGH).

Funding is provided by grants from money voted by the NI Assembly and the Houses of the Oireachtas. 15% of recurrent or maintenance funding is provided by the NI Assembly, and 85% by the Irish Government, this reflecting the current distribution of waterways in each jurisdiction. Capital infrastructure repair programmes are funded separately by the jurisdiction where the works are carried out. Development work has been sustained through attracting third party investment from a wide range of sources.

Our operational performance targets are agreed with both Sponsoring Departments, and we report against these targets in our Monitoring Meetings. Waterways Ireland's Annual Report and Accounts are audited externally by the Comptrollers and Auditor Generals who are Heads of the NI Audit Office and the Office of the Comptroller and Auditor General in Ireland. These external audits provide independent assurance on the regularity and propriety of Waterways Ireland's accounts and our processes in relation to expenditure, revenue and assets. Waterways Ireland also has an Audit Committee, consisting of independent non-executive members, whose remit is to advise the Chief Executive as Accounting Officer, on whether an appropriate system of internal control is in operation.

Waterways Ireland submits an annual report of its activities and a statement of accounts to the NSMC and the Comptrollers and Auditors General for each jurisdiction. Following the Comptrollers and Auditor Generals' certification, the Annual Report and Accounts are laid before the NI Assembly and the Houses of the Oireachtas.

# Ireland's Waterways

Lower Bann Navigation

1

Erne System

2

Shannon-Erne Waterway

3

Shannon Navigation

4

Royal Canal

5

Grand Canal

6

Barrow Navigation

7

Ulster Canal

8



**LEGEND**

- Waterways Ireland network
- Other navigations
- Tidal navigations
- Disused navigations
- Restoration in progress
- Border

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## WATERWAYS VALUE

Our waterways add exponential economic value at a local and national level on an annual basis, in comparison with the level of investment. The benefits derived from the provision and development of such infrastructure cannot just be measured in economic terms but must also be viewed in terms of value to society and to peoples' quality of life. Projects such as the Lock Gate Replacement Programme at Tullamore Depot has not just refurbished an asset but used local craftsmen to masterfully recraft this structure based on the original archive drawings. The inland waterways are an important component of the rural and urban landscapes and are areas rich in biodiversity and cultural heritage. Waterways Ireland manages assets which were valued at €1 billion. The actual value of the inland waterways can only truly be assessed by the benefit which they add on an annual basis to the local and national economies, to the health agenda, to social cohesion, to the environment, to culture and heritage and to the community and future generational use. The benefits derived from the existence and maintenance of the inland waterways are wide ranging, contributing €559.5m in 2019 annually to the economy.



## RECREATION

The inland waterways make a significant contribution to the visitor economy and to the recreation sector. The growth in the usage of our waterways is evident in the offer of a range of activities such as boat hire, kayaking, hydro-bikes, paddle boarding, canoeing, and fishing. This is possible with the provision of access to the water through a range of enabling public infrastructures such as marinas, jetties, moorings, piers, docks, harbours, slipways, canoe steps, navigation markers, locks etc. The increased provision of waters' edge infrastructures such as towpaths, bridges, car parks, trails, service blocks, pump out facilities, walking and cycling trails, fishing stands and bird hides facilitates access for a diverse customer base. This infrastructure is key to enabling visitors and people locally to access the resource for a wide range of water and land-based activities as well as providing links to other visitor attractions and services.

## TOURISM

The inland waterways act as a magnet for tourism activity which encourages entrepreneurs to provide restaurants, convenience stores, recreational services and indeed holiday accommodation throughout rural and urban Ireland. Investment in the waterways also results in increased employment opportunities in the recreation / tourist / heritage industry, particularly through the provision of new destinations in rural areas and the development of existing popular areas.

## HEALTH AND WELL-BEING

The inland waterways form part of the "natural health service" – encouraging and supporting physical and healthy outdoor activity that encourages healthy communities. This is particularly the case in rural areas where people who live in isolated areas tend to be less active than their urban counterparts. Local access to well-maintained outdoor recreational facilities is vital in improving the health of inhabitants. Benefits in relation to health are due to the increased activity of the local population in proximity to Waterways Ireland's walks/ cycle routes.

## COMMUNITY

Our interactions with our waterways reflect how local communities, volunteers and representatives from biodiversity groups utilise, integrate, and enrich our local communities. The inland waterways are an important resource for education and up-skilling of our young people which offer education and training in history, activities, and nature. The education programmes we run enhance the creative development of our young people. Our extensive resources increase our community's exposure to a range of cultures and interests allowing us to participate and interact with the wider community. Initiatives such as the Heritage Boat Association hosting a Barge Family Reunion united barge enthusiasts throughout Ireland.

## ECOSYSTEM HEALTH

The inland waterways support ecological biodiversity. 80% of its landholdings are within a European designated site and the green infrastructure of the waterways provide vital ecosystem services. Ecological health checks of the canals monitor the plants, chemistry, and the insects. The plants cover two areas, the aquatic vegetation which is below the water and the reed fringes. The health of this vegetation is necessary to support the biodiversity of animals, fish, and insects.

# 3.2M

## TOTAL NUMBER OF VISITORS 2021



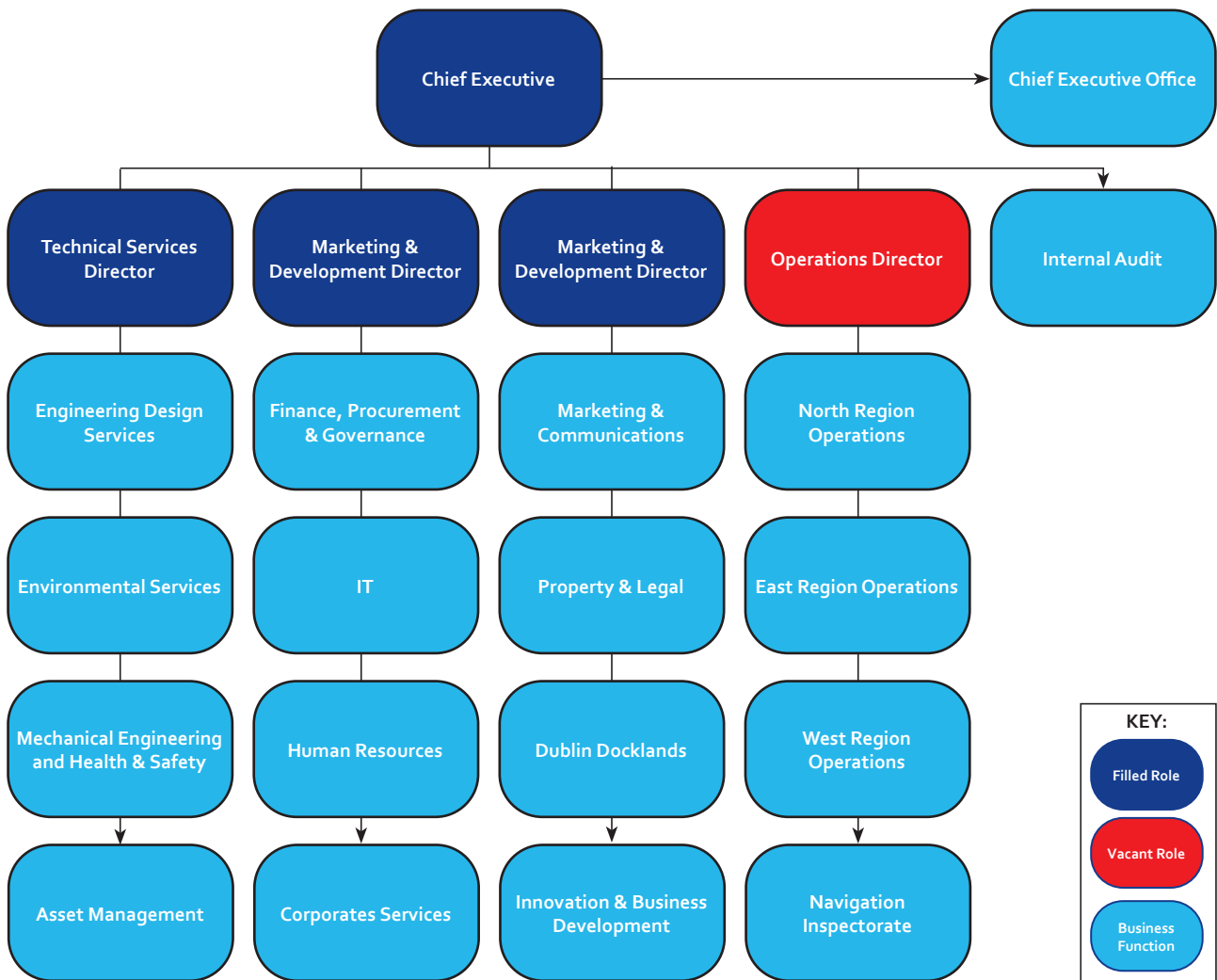
<b>1. SHANNON</b>	1,452,000
<b>2. GRAND CANAL</b>	1,106,000
<b>3. ROYAL CANAL</b>	761,000
<b>4. LOUGH ERNE</b>	622,000

<b>5. RIVER BARROW</b>	415,000
<b>6. SHANNON-ERNE</b>	415,000
<b>7. LOWER BANN</b>	346,000

*Total Number of Visits to at least one Waterway 2021 - 5.1m*

**7 INLAND WATERWAYS | 1,000 KM OF WATERWAYS**

# OUR ORGANISATIONAL STRUCTURE



Staff Numbers*	Finance & Personnel Directorate	Marketing & Business Development	Technical Services Directorate	Operations Directorate	Chief Executive Office	TOTAL
Professional, Technical and Administration Staff	40.71	28.35	33.79	39.54	5.75	148.14
Operations Staff			11	188.28		199.28
<b>Total</b>	<b>40.71</b>	<b>28.35</b>	<b>44.79</b>	<b>227.82</b>	<b>5.75</b>	<b>347.42</b>

\* Staff numbers as of the 31 December 2021

# OUR SENIOR MANAGEMENT TEAM

## SENIOR MANAGEMENT TEAM

John McDonagh is the Chief Executive. The Chief Executive is supported by four Directors; three Regional Managers; and professional, technical, operational and administration staff located throughout the waterways navigational network.

Director of Finance & Personnel .....	Linda Megahey
Director of Marketing & Development.....	Andrew Nixon-King
Director of Operations.....	Vacant
Director of Technical Services .....	Joe McMahon
Acting Eastern Regional Manager .....	Garrett McGrath
Northern Regional Manager .....	Joe Gillespie
Western Regional Manager .....	Éanna Rowe

## CONTACT DETAILS

Headquarters	2 Sligo Road Enniskillen Co Fermanagh BT74 7JY Tel: +44 (0) 28 6632 3004	Northern Region Regional Office	Waterways Ireland Somerview House Old Dublin Road Carrick-on-Shannon Co Leitrim N41 K5X7 Tel: +353 (0) 71 965 0787
Press Office	Waterways Ireland Somerview House Old Dublin Road Carrick-on-Shannon Co Leitrim N41 K5X7 Tel: +353 (0) 71 965 0787	Eastern Region Regional Office	Waterways Ireland Floor 2, Block C Ashtowngate Navan Road Dublin 15 D15 Y3EK Tel: +353 (0) 1 868 0148
Visitor Centre	Waterways Ireland Grand Canal Quay Dublin 2 D02 ET38 Tel: +353 (0) 1 677 7510	Western Region Regional Office	Waterways Ireland Scarriff Harbour Dock Road Drewsborough Scarriff Co Clare V94 H7N1 Tel: +353 (0) 61 922 033

Email: [info@waterwaysireland.org](mailto:info@waterwaysireland.org)  
Website: [www.waterwaysireland.org](http://www.waterwaysireland.org)

## CORPORATE GOVERNANCE

Waterways Ireland is committed in all of its work to achieving the highest standards of corporate governance. The organisation is accountable to two Government Sponsor Departments - the Department for Infrastructure (DfI) in Northern Ireland and the Department of Housing, Local Government and Heritage (DHLGH) in Ireland. Waterways Ireland is responsible for ensuring good governance and performs this task by setting strategic objectives and targets and taking strategic decisions on all key organisational issues.

The regular day to day management, control and direction of Waterways Ireland is the responsibility of the Chief Executive and the Senior Management Team. The Chief Executive and the Senior Management Team must follow the broad strategic direction agreed with the Sponsor Departments and must ensure they have a clear understanding of the key activities and decisions related to the entity, and of any significant risks likely to arise. The Chief Executive acts as a direct liaison between the Sponsor Departments and Management of Waterways Ireland.

## SENIOR MANAGEMENT TEAM

The Senior Management Team is made up of the Chief Executive; the Finance and Personnel Director; the Marketing and Development Director; the Technical Services Director; and three Regional Managers from Northern, Western and Eastern regions of operations. The Senior Management Team meet on a monthly basis to review strategic and operational matters, including health and safety; financial; human resources; and all other corporate governance monitoring and reporting items.

## SPONSOR DEPARTMENTS

Throughout the year Monitoring Committee Meetings are hosted between the Chief Executive and Directors of Waterways Ireland and representatives from our Government Sponsor Departments (Department for Infrastructure and Department of Housing, Local Government and Heritage) to consult on strategic and operational matters including those agenda items that may give rise to public or parliamentary concern, including the nature, scale and likelihood of potential issues and risks. There were four Monitoring Meetings throughout 2021.

## AUDIT COMMITTEE

The Audit Committee met five times in 2021. The Committee receives, considers, and notes the reports from both Internal Audit and the External Auditors and reviews the financial statements and the risk management processes in place at Waterways Ireland.

All Internal Audit reports were considered by the Committee. The Committee also considered the Body's Annual Report and Accounts which are audited by the Comptroller and Auditor General for Northern Ireland and the Irish Comptroller and Auditor General.



Royal Canal Greenway

## EQUALITY AND DISABILITY

Waterways Ireland has an Equality and Disability Action Plan 2021 in place.

Waterways Ireland's Equal Opportunities Policy gives guidance in relation to equality of opportunity for all existing and potential employees, customers, suppliers, contractors and stakeholders. Waterways Ireland actively seeks to promote real equality of opportunity between all Equality Groups. It promotes a welcome and harmonious environment where everyone is treated with respect and dignity.

The Waterways Ireland Disability Action Plan highlights our commitment to fulfilling our duties in relation to business functions, and in making these duties central to our aim of creating the right conditions to support inclusion, equality of opportunity and increasing public participation and appreciation of the waterways environment.

An Equality and Diversity Working Group was established in Waterways Ireland to drive the development and delivery of equality, inclusion and diversity.

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# 2

## OUR STRATEGY

- OUR OPERATING ENVIRONMENT
- OUR STRATEGY
- OUR STRATEGIC PRIORITIES
- STAKEHOLDER ENGAGEMENT



## CORPORATE GOVERNANCE

As a North South Implementation Body the operating environment for Waterways Ireland is subject to political, economic, social, technological, environmental and legal factors. The PESTEL analysis undertaken at the time of the Corporate Plan 2020-2022 remains current and valid.

## POLITICAL

The “Shared Island Unit” was established by The Department of the Taoiseach to drive all-island initiatives and strengthen co-operation in key areas such as tourism. As a cross border body, the strategic investment emanating from this Unit will support the development of several significant projects onwards for Waterways Ireland, one of which being the Ulster Canal.

## ECONOMIC

Covid-19 continued to impact every aspect of society throughout 2021. Waterways Ireland’s organisational Covid-19 plan and response team remain in place and will continue to do so into 2022. The goal to reduce the virus and keep the waterways open remains, whilst also ensuring we work within Covid-19 guidelines. An increase in user numbers along towpaths and trails, as well as increasing popularity of the inland waterways as a holiday destination for the domestic market is expected to continue, whilst overseas tourism is forecast to increase once the worst of the pandemic is behind us. Although it is expected that society will continue to transition towards a greater level of normality into 2022, we remain mindful there may be potential lockdowns in the future which could result in similar impacts experienced by Waterways Ireland across 2022/2023.

Project 2040 will guide the high-level strategic planning and development for the country over the next 20 years. Waterways Ireland will continue to remain informed and aligned with the development of this project.

## SOCIAL

Social trends which may influence Waterways Ireland’s strategic priorities include changing trends in working from home, staycations and increasing demand for outdoor spaces, the Healthy Ireland Framework, Sharing the Vision Mental Health Policy, Eco Therapy and the UN Sustainable Development goals. Waterways Ireland has an opportunity to continue to proactively consider all these aspects within their 10 Year Long Term Plan.



*Ballyconnell and the Shannon-Erne Waterway*

## TECHNOLOGICAL

Technology has and will continue to have significant implications for waterways management and the provision of products and services, particularly with Covid-19 providing a catalyst for digital transformation across all sectors. We expect to see demand increase for digital engagement across the visitor journey with opportunities to enhance user experience and automate manual processes. The upsurge in remote working has also presented an emphasis on the risk of cyber-attacks, with Waterways Ireland continuing to ensure robust protection against such an attack alongside ongoing staff awareness training.

## ENVIRONMENTAL

Environmental factors have become increasingly important and research into this topic has provided greater knowledge and understanding of climate change and its potential impacts. The effects of climate change and resulting weather conditions will continue to impact the management of waterways as a result of fluctuating water levels. Practically this includes protection of vulnerable heritage assets as well as impacting the ecological, recreational and intrinsic value of our waterways. Waterways Ireland’s Climate Action Plan was progressed throughout 2021 with a strong focus on staff and stakeholder engagement. Climate action remains a strategic priority to develop increased environmental sustainability in its assets and operations. Public consultation will be completed by the end of 2021.



*Minister Nichola Mallon was briefed on our Draft Climate Action Plan during her visit in November. Pictured with Cormac McCarthy, Joe McMahon and John McDonagh.*

## LEGISLATION

Waterways Ireland is directly impacted by legislation, most notably legislative divergence across jurisdictions in areas such as: Health and Safety, Employment and Equality, environmental legislation relating to Climate Change, Water Management and Biodiversity, all of which are increasingly important issues. Bye-laws dictate how the waterways should be used and are integral to Waterways Ireland's Inspectorate. At present, these are under review as amendments are required in order to support better compliance and an enhanced user experience.

Finally, Waterways Ireland has continued to address Leadership and Organisational Capacity gaps throughout 2021 with several key appointments made. With support from Sponsor Departments, this will ensure delivery of the organisation's objectives and strategic priorities.



## OUR STRATEGY

The 2020-2022 Corporate Plan is aligned to previous Corporate Plans, Business Plans and the current strategic challenges and priorities for Waterways Ireland. The absence of a strategic long-term plan, beyond a 3 year Corporate Plan, has meant our organisation has been working towards key themes without a strategic approach, longer term vision or meaningful ambition for growth. As such, we have lost some of our relevance and purpose. Through our 10 Year Long Term Plan we intend to be more ambitious and identify a growth platform in order to add more socio-economic value to Ireland and NI.

Our Corporate Plan goal continues to be to increase the use of inland waterways to provide high quality recreational amenities, well used by all the people who live near them, whilst also attracting increasing numbers of visitors, bringing jobs, creating new and sustaining existing businesses, and delivering prosperity. At the core of the Corporate Plan is delivery of maintenance and active management of the waterways. Many of the navigation features are now over 200 years old and are in need of significant investment. We will continue to focus on ensuring public safety, water control, and investment in critical infrastructure in areas of greatest use. Key programmes include the development of the canal network towpaths, reimagining the waterside sites throughout the navigations for new activities to researching the potential of a pilgrim way exploring Christian heritage and facilitating a deeper understanding of the country's historic past.

A key challenge for us remains preserving the industrial and environmental heritage of the waterways for future generations, whilst also providing a safe and high-quality recreational environment for users. Our funding profile has declined to levels as low as 40/50% during the recession – the result is an investment deficit. In this regard it is important to acknowledge the ongoing support from our Sponsor Departments. It is important to state, that despite the funding deficit on the back of an economic recession our Sponsor Departments have allocated over €300 million over the last ten years to Waterways Ireland. Waterways Ireland continues to seek ways to improve efficiency and effectiveness in its capital and current spending whilst continuing to identify income opportunities from property, utilities, boats and moorings and third-party funding.

## OUR VISION

Our Vision sets out our desires to achieve in the future. Our Vision is to bring our waterways to life – full of recreational and commercial activities, havens rich in wildlife and biodiversity, and positively transformational both in terms of enriching people's lives and regenerating the many rural and urban communities and regions through which the waterways pass.

Our Vision Statement is

*"Creating inspirational inland navigations through conservation and sustainable development for the benefit of all."*

## OUR MISSION

Our Mission outlines why Waterways Ireland exists and what is our remit. Our statutory function is to manage, maintain, develop and restore specified inland navigable waterways, principally for recreational purposes.

Our Mission is "As custodians of the waterways to collaboratively reimagine, maintain, develop and promote our inland navigations to sustain our environment, communities and heritage."

## OUR VALUES

Achieving delivery of our Strategy is centred on our Values which reflect the essence of our identity, shape our culture and provide the principles upon which we carry out our organisational activities. Our values are;

### 1. PASSIONATE

We are passionate, enthusiastic, and dedicated to the work and services we deliver. We listen to our stakeholder needs and strive to exceed expectation.

### 2. COLLABORATIVE

We work collaboratively internally and externally to achieve objectives, whilst helping and supporting each other for our collective goal.

### 3. ACCOUNTABLE

We strive to deliver the best and hold ourselves accountable for the results. We are responsible, act with respect and compassion and operate in a sustainable and safe manner.

### 4. INNOVATIVE

We strive to continuously improve in the delivery of quality services and infrastructure. We aim to promote a culture of quality, creativity, diversity and excellence.

## STRATEGIC THEMES

To realise our Vision, we have identified five strategic priorities whilst work continues on the development of our 10 Year Long Term Plan. These strategic themes have been established following extensive waterway user and stakeholder engagement.

### 1. MAINTENANCE & MANAGEMENT

The inland waterways are the largest public outdoor recreational amenity on the island, with over a billion Euro worth of assets in the ownership and operational responsibility of Waterways Ireland. Maintenance and active management of the waterways is at the core of Waterways Ireland's existence, and pivotal to having safe, functioning, and sustainable waterways that hold the key to unlocking future development opportunities and rural and urban regeneration.

### 2. ENVIRONMENT & HERITAGE

Proactive management of the unique waterway environment encompasses both natural and built heritage. Waterways Ireland's environmental experts must continue to ensure appropriate assessments manage the impact of planned capital and maintenance work programmes, always ensuring measured decisions are taken that protect the environment and precious built heritage structures. We must continue to work as a collector and guardian of heritage, as well as create public awareness and access to these assets through various outreach programmes and events.

### 3. AFFINITY & PARTICIPATION

Waterways Ireland aims to continue to increase the overall numbers of people using the waterways by encouraging and supporting a much broader range of use of the waterways. Our customer base has evolved and grown from being primarily boating users to walkers, cyclists, and increasing use by small craft such as kayakers and canoeists.

### 4. DEVELOPMENT & INCOME

Waterways Ireland has worked, and must continue to work, proactively with all our stakeholders to collaborate on the development of future waterway projects that enable realisation of shared aspirations and benefits for rural and urban populations throughout the navigational network. Our diverse property portfolio offers potential to grow our income base further. We support new and existing businesses on the waterways by granting operating licences, and for use of our towpath network to carry telecommunication services. These licences generate a modest revenue to support organisational work programmes.

### 5. ORGANISATION & PEOPLE

Waterways Ireland recognises the need to review, develop and execute a suite of leadership and organisational programmes that will address the current and future capacity and demand requirements across the organisation. There is a need to nurture an environment that supports increased collaboration and leadership, so Waterways Ireland is a great place to work and volunteer.



*The Royal Canal Greenway*

## STRATEGIC PRIORITIES

Our 2020-2022 Corporate Plan sets out the following five Strategic Priorities:

### 1. MANAGEMENT & MAINTENANCE

To manage and maintain our waterway assets and deliver a safe, reliable and efficient service for all.

### 2. ENVIRONMENT & HERITAGE

To conserve, enhance and promote our environment and heritage assets - natural and built.

### 3. AFFINITY & PARTICIPATION

To increase Waterways Ireland awareness, affinity and participation both on and along our waterways.

### 4. DEVELOPMENT & INCOME

To deliver greater value outcomes and wider development opportunities for public benefit.

### 5. ORGANISATION & PEOPLE

To strengthen our organisation's capacity and capability, with engaged people and a shared vision.

# STAKEHOLDER ENGAGEMENT

## STAKEHOLDER ENGAGEMENT

Waterways Ireland could only deliver our strategic priorities set out in this Annual Report and Accounts through a shared ownership and commitment from both our internal and external stakeholders. This contribution from our stakeholders is vital to the enhancement of our priorities and we wish to thank all our 'partners' who have helped us in this regard.

Our Sponsor Departments, tourism bodies, funding bodies, and Local Authorities made a huge contribution to our outcomes for 2021. Our interaction with private sector organisations continued to develop in 2021, whether activity providers, cruise hire businesses, or those wishing to organise events on or along our waterways. The support of the local communities is vital in delivering vibrant and living waterways and they along with the many voluntary organisations are very important players in realising the full potential of the inland waterways.

Throughout 2021 we adopted a collaborative approach to the development of our strategic projects and 2020-2022 Corporate Plan.

At Waterways Ireland we take the nature and quality of our relationships with all our stakeholders very seriously. We work closely to understand their views and interests, to deliver our projects in partnership, and respond to their interests as we progress our plans.



*Barrow Blueway*

## OUR MISSION

As custodians of the waterways to collaboratively reimagine, maintain, develop and promote our inland navigations to sustain our environment, communities and heritage.

## OUR VISION

Creating inspirational inland navigations through conservation and sustainable development for the benefit of all.

## OUR VALUES

### PASSIONATE



We are passionate, enthusiastic and dedicated to the work and services we deliver. We listen to our stakeholder needs and strive to exceed expectation.

### COLLABORATIVE



We work collaboratively internally and externally to achieve objectives, whilst helping and supporting each other for our collective goal.

### ACCOUNTABLE



We strive to deliver the best and hold ourselves accountable for the results. We are responsible, act with respect and compassion and operate in a sustainable and safe manner

### INNOVATIVE



We strive to continuously improve in the delivery of quality services and infrastructure. We aim to promote a culture of quality, creativity, diversity and excellence.

## STRATEGIC GOALS

1

### MANAGEMENT & MAINTENANCE

To manage, maintain and care for our waterway assets and deliver a safe, reliable and efficient service for all.

2

### ENVIRONMENT & HERITAGE

To conserve, enhance and promote our environment and heritage assets - natural and built.

3

### AFFINITY & PARTICIPATION

To increase Waterways Ireland awareness, affinity and participation both on and along our waterways.

4

### DEVELOPMENT & INCOME

To deliver greater value outcomes and wider development opportunities for public benefit.

5

### ORGANISATION & PEOPLE

To strengthen our organisations capacity and capability, with engaged people and a shared vision.

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# 3

## PERFORMANCE REVIEW

- COVID-19 PANDEMIC
- 2021 PERFORMANCE REVIEW



## COVID-19 PANDEMIC

Waterways Ireland’s endeavours and focus throughout 2021 remained on achievement of our corporate themes to (i) deliver world class corridors; (ii) transform quality of life and reinvigorate local rural and urban economies; (iii) bring life through environment and heritage value; and (iv) deliver through our people and partnerships whilst in the midst of the Covid-19 pandemic. Covid-19 impacted on every part of the economy and limited Waterways Ireland in service delivery and achievement of our 2021 Business Plan.



Throughout 2021, the health and safety of our waterways’ users, employees and other stakeholders has been paramount. Waterways Ireland mobilised an organisational response team and plan at the outset of the pandemic, to manage the impact of Covid-19 during lockdown, the reopening of our waterway navigations and the subsequent restrictions. Strict procedures and protocols were implemented to minimise the spread of the Covid-19 virus and the resulting impact and disruption.

From the initial outbreak of the virus in February 2020 and lockdown phases during 2020 and 2021, we considered process and operational implications, identifying

essential and critical operational functions, prioritising activities and identifying critical and essential employees/ teams. These included maintaining critical waterways assets and infrastructure, monitoring water levels, progressing ongoing preparations for key capital projects and maintaining our waterway navigations in order to protect people and property. All Waterways Ireland buildings, (offices, stores, service blocks, etc.) during the lockdown period were closed, with access only available to key employees for critical operational functions. This was in line with the Government/Executive and Public Health Authorities decision.

## 2021 PERFORMANCE REVIEW

The navigable inland waterways had restricted opening and availability throughout 2021, due to the Covid-19 pandemic.

A programme of channel maintenance continued across the waterways from weed and grass cutting to tree, bush and hedge trimming; targeted dredging programmes; and repairs across locks, jetties and other infrastructure assets. On-shore services, amenity areas, together with the Blueway walking and cycling trails were also maintained and kept accessible and operational.

Craft passage through locks were facilitated by lock keepers, where provided, and inductions for boaters to the user-operated lock operating system on the Shannon – Erne Waterway were provided by waterway patrollers.

## CAPITAL PROJECTS

During the year Waterways Ireland continued to work in partnerships with local authorities across the regions to support and deliver programmes, initiatives and capital projects in and around the waterways. This mutually beneficial collaborative approach yielded access to supplementary funding to support the development of the waterways.

In the regions Waterways Ireland engaged with stakeholder and user groups on the waterways providing updates on plans, projects and programmes and listened to feedback from waterways users.

The 2021 programme of critical infrastructure and development continued.

## Redevelopment of Bellanaleck Quay and slipway, Erne System

On the Erne System, redevelopment works at Bellanaleck Quay and slipway were completed and the amenity has been re-opened to the public. The development is a significant investment by Waterways Ireland into the Erne system and improves the existing

amenity at Bellanaleck. Waterways Ireland obtained planning permission in January 2020 with construction commencing in November. The works consisted of the replacement of the existing narrow slipway and timber jetties with a new sheet piled quay wall and 5-metre-wide slipway, clad in precast concrete panels with stone imprint. The new slipway and quay wall improves safety for boaters launching and recovering their boats. The public mooring capacity has been increased with the addition of a new 16 berth floating jetty to cater for various boat sizes. The amenity area has been enhanced with the addition of new picnic tables and resurfacing of the existing car park.



*Bellanaleck Quay and jetties*

### **Carnroe Weir and Lock Chamber, Lower Bann**

Planning permission was granted in October 2020 to progress vital repairs to Carnroe Weir on the Lower Bann. Works will also involve the construction of a new, all-species fish pass as legislatively required when conducting repairs to the weir. Enabling works commenced on site in January 2021 and were completed in April 2021. 'In river works' are due to commence in the Spring of 2022 with completion expected by Autumn 2023.

Separately, structural integrity issues which were identified from a recent principal inspection of the Carnroe Lock Chamber, resulted in the need for emergency repairs to the lock chamber floor and walls, in order to address immediate safety concerns. Unfortunately, the extent of the structural defects to the chamber walls and floor resulted in the chamber having to be closed during the 2021 navigation season. Investigation works, including the development of a design solution were completed in 2021 with the necessary works planned to facilitate the reopening of the lock chamber for the 2022 navigation season.

### **Meelick Weir, Shannon Navigation**

On 24 September 2021, Minister for Housing, Local Government and Heritage, Darragh O'Brien TD and Minister of State for Heritage and Electoral Reform,

Malcolm Noonan TD officially opened the Meelick Weir and Walkway on the Shannon Navigation, following a €3.2m restoration by Waterways Ireland. Meelick Weir was damaged in severe storms in 2009 and following the extreme winter flooding of 2015/2016, the walkway was subsequently closed. The infrastructure links the historic village of Meelick in east Galway to Lusmogh in west Offaly and forms part of the Hymany Way and the Beara-Breifne Way walking trails. The weir was built in the 1840's as part of the Shannon Navigation. More than 300 metres in length, it has a 12-sluice barrage and maintains and regulates the navigation level for the section of waterway between Athlone (Lough Ree) and Meelick (Lough Derg). Construction work on the project began in 2019 and included the restoration of the weir, walkway and new tilting weir gates, along with additional weir refurbishment.



*Ministers Darragh O'Brien and Malcolm Noonan with John McDonagh at the Official Launch of Meelick Weir*

### **Fleet and Plant Replacement Programme**

There has been an under investment in fleet and plant over a number of years in the organisation and the age profile causes problems in terms of operational performance, availability, maintenance, repair costs and increasing safety risk. While fleet replacement guidelines were established with replacement cycles (expected life) for owned fleet and plant, there was a lack of funding available to replace the fleet in accordance with these cycles. Recent investment is assisting in reducing the age profile, but further substantial funding is required to catch up on the deferred replacements with regular annual replacement funding required to continue to improve and maintain the age profile at a reasonable and acceptable level. The Body successfully secured a capital investment of €1.2 million in 2021, to embark on a programme of fleet and plant replacement to address this gap and work continued throughout the year to procure essential items of fleet and plant. This programme will support core strategic objectives by providing and maintaining an appropriate road, marine and plant fleet for the ongoing maintenance,

development and restoration of the waterways, resulting in a reduction in the overall age profile, which is required to enhance operational delivery, performance, efficiency, value for money, health and safety and environmental needs. There is also a need to comply with environmental legislation and directives in relation to the procurement of greener fleet and to reduce the organisational carbon footprint by reducing emissions. In order to address this requirement, a number of electric and hybrid vehicles were procured as part of this fleet and plant replacement programme.

### TRANSFORM QUALITY OF LIFE

The Waterways Ireland marketing team endeavours through product development and marketing activity to increase the overall numbers of people using the waterways by encouraging and supporting a much broader range of use of the waterways. Our customer base has evolved and grown from being primarily boating users to walkers, cyclists, and increasing use by small craft such as kayakers and canoeists.

The Body continued to grow its strategic partnerships with Athletics Ireland and Get Ireland Walking to collaboratively deliver programmes which promote improved levels of fitness, increase recreational participation and health and wellness across all ages. The 'Virtual Daily Mile Tour of the Waterways' was rolled out in partnership with Athletics Ireland. Waterways Ireland and the Grand Canal featured on RTE Nationwide in partnership with Get Ireland Walking and National Walking Day as part of European Week of Sport.

As the Covid-19 pandemic continued throughout 2021, the use of off-road trails, such as those along the inland waterways network, proved hugely beneficial in terms of mental and physical health and wellbeing. Analysis of visitor counters along towpaths/trails between March 2019/2020 pre-pandemic to March 2020/2021 mid-pandemic lockdown, highlighted volumes increased by 37% (an additional 2.1 million visits).

### Royal Canal Greenway

Waterways Ireland with support from Minister Noonan and Minister Ryan launched the Royal Canal Greenway in March 2021 – Ireland's longest Greenway stretching over 130 kms from Maynooth in Co Kildare to Cloondara in Co Longford. This major project developed over several years with the four Local Authorities in Kildare, Meath, Westmeath and Longford was made possible through €12 million funding primarily from the Department of Transport. The Royal Canal Greenway is a significant tourism and recreation opportunity for visitors and locals. It will enable future connectivity to an urban greenway from Dublin.

The launch received extensive positive media exposure. In the first four months since launch the Greenway received over 820,000 visits. A marketing campaign to increase awareness of and use of the Greenway by locals and domestic tourists achieved 75 pieces of coverage across broadcast and print media; a package on the Royal Canal Greenway between RTÉ News, Six One, RTÉ News and News at One reached over 935k viewers; listenership of 1.59m across national and local radio stations; online readership of 1.05m and print media readership of 1.78m; 22.5k social shares and exceeded industry averages by 300%.



*Cloondara on the Royal Canal Greenway*

### Shannon Tourism Master Plan

Our Chief Executive with Minister Darragh O'Brien and Minister Catherine Martin launched the Shannon Tourism Master Plan in March 2021. The Plan was formulated with our strategic partner Fáilte Ireland in collaboration with the ten Local Authorities adjoining the River Shannon and Shannon-Erne Waterway. The Master Plan is the first holistic and strategic plan of any kind undertaken for the geographical region encompassing the 10 Local Authority areas from Cavan to Limerick. The Masterplan will provide a step change for tourism, economic development and business and community regeneration utilising the natural and man-made assets of the Shannon and Shannon-Erne. A multi-million Euro investment will be injected into the Shannon region by 2030. Specifically, and over the coming two years Waterways Ireland, with partner Agencies, will deliver a redevelopment of Connaught Harbour; new jetties at Athlone, Rooskey and Red Bridge; upgrades at Dromod Harbour and Meelick Quay; a canal walk and amenity park at Roosky; conservation works at Fort Eliza and Meelick Martello Tower; canoe trails at O'Briensbridge and Lough Ree Inner Lakes; and the Shannon Greenway running from Limerick to Scarriff. Since the launch work has been progressing at pace establishing partnership and implementation structures, determining reporting and review mechanisms, formulating detailed project level studies as well as delivering projects, programmes and interventions.





Ministers Darragh O'Brien and Malcolm Noonan pictured with Fiona Monaghan, Fáilte Ireland, John McDonagh and Éanna Rowe when they visited the Shannon region in November to mark the success of the first year of the Shannon Tourism Master Plan

### Barrow Blueway

Heather Humphreys TD, Minister for Rural and Community Development, published an Economic Plan for the Barrow Blueway developed by Waterways Ireland in conjunction with Co Kildare LEADER Partnership, and Kildare County Council. The aim of the plan is to inform, guide and encourage community and business economic development initiatives that will maximise the opportunity the Blueway presents for Kildare while bringing the experience of the Blueway to life for local people and visitors to the area. Construction work on the Barrow Blueway between Lowtown and Athy, continued throughout 2021 and is expected to be complete in late 2022. This will give communities and business time to prepare in advance of the launch of the Economic Plan.

### MARKETING THE WATERWAYS

Waterways Ireland supported filming in 2021 with TG4 for a programme called 'Sharon on the Shannon', in partnership with Fáilte Ireland. The four-week series, commencing in mid-August, featured Sharon Shannon and her niece Caoilinn Ní Dhonnabháin showcasing the Shannon River region across Ireland's Hidden Heartlands. Packed with inspirational ideas for short breaks during summer and into autumn, the series encouraged Irish people to discover the joy of holidaying in Ireland.

### STRATEGIC PARTNERSHIP PROGRAMMES

We continued our Strategic Partnership Programme with Fáilte Ireland focusing on the delivery of a programme of works to improve the quality of the visitor and user experience along Waterways Ireland's waterways in Ireland for recreational purposes. All projects identified will complement the key brand experience propositions: Ireland's Ancient East, Wild Atlantic Way, Ireland's Hidden Heartlands and Dublin. The partnership includes a series of projects and initiatives aimed at cross-promotion

and marketing. The Body is also engaged in strategic partnerships with Tourism NI and Local Authorities to enhance the tourism potential of the Lower Bann and Erne, including the potential development of a Blueway on the Lower Bann.

### WATERWAYS IRELAND EDUCATION PROGRAMME

Waterways Ireland's Education programme continued to evolve to meet the needs of schools and parents during long periods of home schooling. A series of virtual workshops were rolled out during 2021 including 'Spotlight on the Erne' as part of NI Science Festival, 'Who wants to be an Engineer' during Engineers Week and 'Be a Waterways Hero' as part of Biodiversity Week. New online resources such as 'Spring has arrived on the Waterways' were also developed to engage, inspire and excite young learners. These workshops which were previously delivered on site with hands-on activities forming part of the experience, are now online via the Waterways Ireland Learning Zone. This in turn provides the opportunity for a greater number of school children who may not previously have been in a position to travel to a Waterways Ireland location such as a lock or construction site, to take part. Engineers Week for example, now offers schools an opportunity to ask an Engineer a question at booking stage so the workshop includes a Q&A session with a Waterways Ireland engineer. Various projects undertaken by Waterways Ireland across the waterway corridor were promoted with a series of videos shared on social media throughout Engineers Week 2021.



### WATERWAYS IRELAND DIGITAL ARCHIVE

The Waterways Ireland Digital Archive was launched in June 2021 by Malcolm Noonan, Minister of State for Heritage and Electoral Reform, making the history of the inland waterways more accessible than ever to all. Unique and irreplaceable; over 7,800 of the 11,000 records including drawings, maps, slides, photos, videos and oral history held by Waterways Ireland, have been digitised, catalogued and can be viewed at <https://archive.waterwaysireland.org>. This substantial programme of work was undertaken by the Archivist and wider Marketing team over a number of years, and the digitisation programme will continue into the future as new donations are received. A marketing campaign to develop increased awareness and use of the Archive is underway.



### ASSET MANAGEMENT

Implementation of the Asset Management Improvement Programme (AMIP) has been ongoing throughout 2021. The objective of the AMIP is to deliver an Asset Management System for the organisation to include processes, documentation, IT and the capabilities to create, operate and maintain assets in support of organisational objectives. Progress completed throughout the year includes development of the asset management system and process frameworks, ongoing development and approval of framework documents including life cycle functional strategies and audit and assurance plan for the asset management system. Regular meetings of our Asset Management Governance Committee and Working Group continued and recruitment of key positions during the year will ensure continued capacity and capability within the team. A key aspect of the work within the AMIP is the accelerated asset inspection programme in order to determine the asset base and the condition. In 2021, asset inspections were completed on 89 earthworks; 271 bridges; 67 locks; 47 weirs; 47 effluent treatment systems; 8 dry docks; 157 culverts, 53 slipways and 8 breakwaters.

### HEALTH AND SAFETY

In late 2020, the Body identified a number of strategic Health and Safety objectives, which included the provision and implementation of a technology solution for staff operating in lone working situations, development and implementation of an IT Health and Safety Management System, development and implementation of an Emergency Response Plan, a review of the Body's Health and Safety systems and processes and a review of the organisation's welfare facilities. Throughout 2021 work continued on developing and delivering these core objectives with the completion of a number of the objectives and work continuing on others.

### PROTECTING THE WATERWAYS HERITAGE

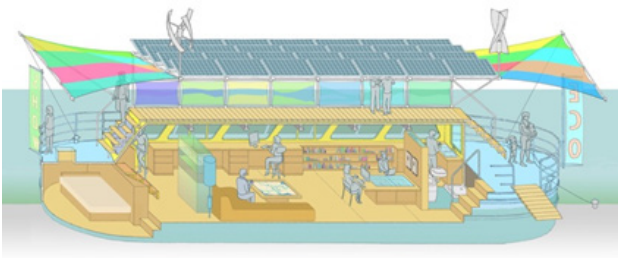
Waterways Ireland continued its commitment to the sustainable management and promotion of its heritage assets in 2021 through its Heritage Plan. This included ongoing restoration work at the Napoleonic Fort Eliza; Heritage Grant Scheme; co-sponsorship of a National Tidy Towns Special Award; third level collaborations and much, much more. In addition, the award-winning 'Stories from the Waterways' this year focused on how the organisation is helping to achieve the UN Sustainable Development Goals. Development of the new 10 Year Heritage Plan also commenced in 2021.



*Conservation works at Fort Eliza on the Shannon*

### Eco Showboat Project

On Water Heritage Day, 17 August, Minister Malcolm Noonan launched the Eco Showboat project - an ecological floating arts lab to reside within a restored barge. When the 48m barge is fully restored it will traverse our waterways and collaborate with the creative, scientific, and local communities along the way. The Project has received an Arts Council Open Call Award 2021, an SFI Discover Award and a Limerick City & Council Strategic Award as well as support from Waterways Ireland and many other stakeholders.



## WATER LEVELS

The Body continued to implement the Water Framework Directive (WFD) monitoring programme for our canals with the majority of canal water bodies achieving Good Ecological Potential in 2021. Also, we continue to be proactively involved in WFD issues with the WFD National Technical Implementation Group, its Hydromorphological Subgroup and the Hydrometric Network Group. An extensive water balance exercise of the Grand Canal and Barrow Line was undertaken in partnership with the Environmental Protection Agency in 2021. An important consideration for the Body in 2021 has been the ongoing consultations with Department of Housing, Local Government and Heritage in relation to the development of the Water Environment (Abstractions and Certain Impoundments) Bill as well as the Hydromorphology Bill currently in progress. Indeed, this and other environmental work led to us being a finalist in the 2021 Green Awards.

## Shannon Flood Risk State Agencies Co-ordination Group

Waterways Ireland continues to take an active and supportive role in the Shannon Flood Risk State Agencies Co-ordination Group by undertaking a series of targeted measures on behalf of, and in partnership with the Office of Public Works.



## BYE-LAW ENFORCEMENT

Throughout 2021 the Body continued its programme to remove abandoned and non-compliant non-live aboard boats on the Royal Canal, Grand Canal, Barrow navigation

and Shannon Navigation. Sixty-two vessels were removed which has resulted in a significant improvement in Bye-Law compliance across our navigations; 31 of the vessels were reclaimed by their owners and the remaining 31 were put up for sale by public tender in July 2021.

The Canals Compliance Programme to remove abandoned, sunken and junk vessels from the canals contributes to (1) improved compliance rates for permits, (2) increased capacity along mooring areas, (3) improved the user experience in navigating along the canals, (4) improved the water quality, (5) taking back control, and (6) building a reputation of fair and equitable enforcement for all users. A compliance level of +95% for permits was achieved by end of 2020. Compliance levels have remained constant at +90% during 2021 and it is intended to maintain a +90% compliance level for permits in 2022.

The Royal and Grand Canals suffered from low water levels throughout the summer. As artificial water systems these canals rely exclusively on other sources of water to ensure levels can be maintained. This needs to be undertaken in a sustainable and adaptive manner – responding to changing weather conditions and the need for the canals and their water sources to recharge following dry spells. Marine Safety Notices continued to be issued to all vessel owners and boating organisations who wished to receive them and were published across all Waterways Ireland and partner digital platforms.

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# 4

## FINANCIAL REVIEW

- ACCOUNTS FOREWORD
- STATEMENT OF RESPONSIBILITIES
- INTERNAL CONTROL STATEMENT
- REMUNERATION REPORT
- AUDIT CERTIFICATE
- INCOME AND COMPREHENSIVE INCOME STATEMENTS
- STATEMENT OF FINANCIAL POSITION
- CASH FLOW STATEMENT
- STATEMENT OF CHANGES IN EQUITY
- NOTES TO THE ACCOUNTS
- ACCOUNTS DIRECTION



## BACKGROUND INFORMATION

Waterways Ireland was established on the 2nd December 1999 under the British Irish Agreement Act 1999 and the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999. Its functions are the management, maintenance, development and restoration of the island's inland navigable waterway system, principally for recreational purposes. The accounts contained in this document refer to the year ended 31 December 2021.

These accounts have been prepared in accordance with:

- The financial arrangements as set out in Part 7 of Annex 2 to the Schedule of the British-Irish Agreement Act, 1999 and as set out in Part 7 of Annex 2 to the Schedule of the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 establishing Implementation Bodies;
- A direction by the Department of Housing, Local Government and Heritage (DHLGH) and the Department for Infrastructure (DfI), as provided for in the Body's Financial Memorandum in 2021;
- The Annual Report and Accounts Guidance provided by the Department of Public Expenditure and Reform (DPER) and the Department of Finance (DoF) (2017).

## BUSINESS REVIEW

A full review of Waterways Ireland's activities is given in the Annual Report.

## RESULTS FOR THE PERIOD

The results of Waterways Ireland are set out in detail on page 47. The deficit for the period was €11,000 (STG€6,000). The deficit for 2020 was €4,121,000 (STG€3,662,000).

## REPORTING CURRENCY

The normal operating currency of Waterways Ireland is euro. Sterling values are the euro values translated at the Bank of England average exchange rate for the year of €1.1633 (2020 €1.125) to £1 for the Statement of Income while the Statement of Financial Position is translated at the Bank of England closing rate at year end of €1.1907 (2020 €1.1118) to £1.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment are set out in Note 7 to the accounts.

Waterways Ireland took over from DHLGH and DARD (The Department of Agriculture and Rural Development) the asset portfolio comprising mainly infrastructure assets such as waterways, towpaths, lock-houses and

associated navigational features (locks, weirs, etc). The Shannon-Erne Waterway was transferred in 1999 and the Erne System, Grand Canal (including the Barrow Navigation), the Lower Bann Navigation, the Royal Canal and the Shannon Navigation were transferred in 2000 and valued in the accounts of Waterways Ireland in 2003. Under guidance provided by the Department of Public Expenditure and Reform and the Department of Finance definable major assets or components within an infrastructure system or network with determinable finite lives are treated separately and depreciated over their useful economic lives.

Operational assets including land, navigational structures and work in progress have been valued in the accounts. In 2021 canal structures have been removed from the accounts with details provided in note 7.3 to the accounts. Where title and value have been verified, land and buildings of a non-operational nature have been valued in the accounts. A net valuation increase in Tangible Assets of €1,186,000 is primarily due to the revaluation of assets held for sale. A net valuation increase in Operational assets of €70,073,000, includes CPI movement €9,006,000. Land indexation increase of €9,028,000 and revaluation on registration of folio of €2,925,000 revaluation based on condition of lock, lockgates, weirs and bridges €47,061,000, slipways split from canals and valued separately €2,400,000 and a valuation of Weir €81,000 less impairment of lockgates of €428,000. These changes are detailed in Notes 1.7, 7.1, 7.2, 7.3 and 7.4.

## FUTURE DEVELOPMENTS

Capital development in 2022 will concentrate on investment in critical navigation infrastructure led by asset management insights and to projects which will make a difference. Ulster Canal Projects will progress with RRDF funding and Shared Island funding. A detailed capital programme for 2022 has been agreed including the replacement of critical navigation infrastructure, fleet, plant and equipment and investment in ICT.

## BOARD MEMBERS

Under the British Irish Agreement Act 1999 and the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 the functions of Waterways Ireland are exercised by the Chief Executive. There are no board members.

## EQUALITY POLICY

Waterways Ireland implements an Equality Scheme in compliance with the requirements of Section 75 of the Northern Ireland Act 1998 and is fully committed to meeting the equality requirements of both jurisdictions.

### **POLICY IN RELATION TO PEOPLE WITH DISABILITIES**

Waterways Ireland is an equal opportunities employer and welcomes people with disabilities as employees. During 2021 there has been little face to face interaction with people with disabilities and representative groups due to Covid restrictions. With an anticipated return to limited office work in 2022 it is anticipated we shall re-engage with such groups.

### **EMPLOYEE INVOLVEMENT**

The Industrial Relations Forum meet quarterly with representatives of management and unions to discuss items of common interest. In addition, management meet and work regularly with recognised Trade unions in addressing employee issues. Management engage with staff at briefing and information meetings throughout the year, in addition to the regular, Regional, Departmental and Team meetings driven by both management and employees.

### **CHARITABLE DONATIONS**

Waterways Ireland made no charitable donations during the period.

### **PRACTICE ON LATE PAYMENTS**

Waterways Ireland is committed to the prompt payment of bills for goods and services received in accordance with the UK Late Payment of Commercial Debts (Interest) Act 1998, as amended by the Late Payment of Commercial Debts Regulations 2013 – Statutory Instrument 2013 No. 395 and the Irish Prompt Payment of Accounts Act, 1997, as amended by the European Communities (Late Payment in Commercial Transactions) Regulations (S. I. No. 580 of 2012). Unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods or services, or presentation of a valid invoice or similar demand, whichever is later.

During 2021, 99% (2020, 99%) of invoices were paid within 30 days and interest charges of €199 (2020 €1,001) and late penalty charges of €1,639 (2020, €5,119) were incurred which are included in currency gains/losses and interest payable.

### **HEALTH AND SAFETY**

Waterways Ireland is committed to ensuring a safe working environment for its staff. The updated Health and Safety Statement was promulgated to staff in 2021. COVID-19 measures and an Organisational Response Plan were revised, updated, and circulated as the COVID pandemic evolved. This advice was based on government guidance and associated legal requirements. The Waterways Ireland Health and Safety Committee and Health and Safety Working Groups are in place and scheduled to meet on a quarterly basis. Regional Safety

Group and Head Office Safety Group are also scheduled to meet on a quarterly basis each year to review Health and Safety issues in each area and overall, across Waterways Ireland. The development of an IT health and safety system was progressed, with further assessments undertaken on the benefits of alignment to an ISO45001 Health & Safety Management System.

### **EXTERNAL AUDIT**

Waterways Ireland accounts are audited by the Comptroller and Auditor General for Northern Ireland and the Irish Comptroller and Auditor General (C&AGs) in accordance with the provisions of the North/South Co- operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British-Irish Agreement Act 1999. The C&AGs and the staff of their offices are wholly independent of Waterways Ireland. They report their findings to the Northern Ireland Assembly and the Houses of the Oireachtas. The charge for the audit services for the financial year, which is included as a cost in the Statement of Income, is €63,107 (STG£53,000). The auditors do not carry out non audit work in relation to Waterways Ireland.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

There are principal risks and uncertainties faced by Waterways Ireland. Waterways Ireland activities are funded by the Northern Ireland Assembly and Dáil Éireann. The level of funding is under constant review and the Corporate Plan 2020-2022 indicates funding levels will rise in this period. The key risk, in real terms is there will be a continued pressure on funding as increased pensions and potential exchange rate costs impact directly on the money available to fund the navigations. This will continue to increase the required draw on public funds from the two Governments.

Waterways Ireland faces significant exchange rate risk due to fluctuating exchange rates during the period of the Corporate Plan. In 2021 a €51,000 exchange loss was incurred mainly from conversion of sterling bank balances at month end in line with accounting practice resulting in an unfavourable exchange loss.

Waterways Ireland pays the pension costs for all retired staff from its operating budget. In 2001 over 200 staff transferred and designated to Waterways Ireland from the previous inland waterway management bodies. Waterways Ireland is liable for their full pension costs including the period of employment prior to 2001. Each year pension costs are significant and were €2,993,000 in 2021 (€2,600,000 in 2020). By 2022, it is estimated that there will be 177 pensioners who are retired or eligible to retire against a permanent workforce complement in 2021 of 306 staff. DfI fund all of the pension costs

in addition to operating funding, whilst DHLGH contribute up to the budget available with any additional requirement coming from operating funds.

### **BREXIT**

As a cross border body, the impact of Brexit may include the loss of access to European funding for projects in Northern Ireland which is a significant source of development funding. From 31 January Northern Ireland is outside the Single Market and Customs Union. Tariffs may apply in relation to the procurement of services and products, increasing operating costs of Waterways Ireland. Diverging legislative provisions may impact on the business of Waterways Ireland. Arrangements will be made to limit these impacts as much as possible.

### **PENSIONS**

In 2021 the increase in the discount rate of AA rated UK corporate bonds and increase in Eurozone corporate bonds at 31 December 2021 along with the net change in inflation rates, change in mortality assumptions and salary increase assumptions have resulted in an actuarial loss on the scheme and an increase in scheme liabilities in the year of €13,000,000.

\*Two employment tribunal cases in the cases of McCloud and Sargeant were brought against the UK Government in relation to possible discrimination in the implementation of transitional protection following changes made to public service pension scheme legislation in the UK in 2015.

In December 2018, the Court of Appeal ruled that the transitional protections gave rise to unlawful discrimination on the basis of age. The UK Government requested leave to appeal this decision to the Supreme Court, however the request was denied on 27 June 2019. The prospective remedy in relation to McCloud ruling starts on 1 April 2022, at which point members of the N/SPS Core Final Salary section and Reserved Rights PCS/PS(NI) section ("the legacy schemes") will automatically move to the N/SPS alpha scheme on 1 April 2022. A Consultation on the changes is currently in progress and the relevant legislation to confirm the changes on removing discrimination from transitional protection arrangements in NI unfunded public service pension schemes will emerge after consultation.

No provision has been made in the accounts for the McCloud/Sargeant judgment. The N/SPS Administrator estimates that any compensation payable by Waterways Ireland will be up to €2,500,000 as at 31 December 2021 (2020: €2,000,000).

A contingent liability has been recorded in note 17. Employee contributions of €745,000 (2020: €654,000) were received and remitted to DHLGH and DfI on an 85:15 basis.

### **APPROVAL OF 2021 BUSINESS PLAN AND CORPORATE PLAN 2020-2022**

Waterways Ireland's 2021 Business Plan was approved by the Sponsor Departments, Finance Departments and the North/South Ministerial Council in December 2020. Corporate Plan 2020-2022 was approved at North South Ministerial Council on 21 May 2021.

DHLGH and DfI continued to fund Waterways Ireland's activities based on the approved Business Plan with €35,946,000 of funds applied during 2021. Additional bids from Waterways Ireland have secured funding from DHLGH of €1,000,000 toward capital. Funds applied include €68,172 of match funding in relation to the Rural Regeneration Development Fund (RRDF) (Category 2) for the Ulster Canal Restoration Phase 2 and €650,604 match funding for the RRDF (Category 1) Barrow Blueway project.

### **EVENTS AFTER THE END OF THE REPORTING PERIOD**

Nothing to report.

### **COVID-19**

From the initial outbreak of the COVID-19 virus and lockdown phase all process and operational implications including maintaining all critical operational functions, prioritising activities and identifying essential employees / teams were considered. Maintaining critical waterways assets and infrastructure, monitoring water levels, progressing ongoing preparations for key capital projects, maintaining waterway navigations in order to protect people and property are the priority.

Since wave one we developed a roadmap to manage the phased reopening of our waterways and return to work by employees aligned with Government/Executive guidance in their individual roadmaps, the National Framework for living with COVID-19 and the UK COVID-19 alert level system. The goal continues to be to reduce the spread of the virus, whilst keeping our waterways open. The Annual Report provides an overview of the phased reopening of our waterway navigations from pre- COVID to the onset of the pandemic and lockdown to the phased reopening of our waterways network.

### **WATERWAYS IRELAND RESPONSIBILITIES**

The Finance Departments have directed Waterways Ireland to prepare a statement of accounts for each year ended 31 December in the form and on the basis set out in the accounts direction on page 74 of this report section.

The accounts are prepared on an accruals basis and must give a true and fair view, of the Body's state of affairs at the year end and of its income and expenditure, changes in equity, and cash flows for the calendar year.

In preparing the accounts Waterways Ireland is required to:

- Observe the accounts direction issued by the Sponsor Departments, including the relevant accounting and disclosure requirements, and apply accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements;
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that Waterways Ireland will continue in operation.

## **CHIEF EXECUTIVE'S RESPONSIBILITIES**

The Chief Executive's responsibilities, as the Accountable Person for Waterways Ireland, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Financial Memorandum of Waterways Ireland.



## SCOPE OF RESPONSIBILITY

The Financial Memorandum between Waterways Ireland and its Sponsor Departments sets out in detail the responsibilities of the Accounting Officer within a business and financial framework.

## REVIEW OF EFFECTIVENESS

Reflecting on 2021 it is important to acknowledge the risks associated with the continued impact of COVID-19 and the mitigating actions in place within Waterways Ireland. Organisationally, COVID-19 has affected staff but not to a level which impacted organisational capacity. A leadership COVID-19 project group continues to monitor the changing situation. The group has developed, and updates, a detailed Response Plan to mitigate, in so far as possible, the risk of widespread infection. COVID-19 is classified as a major risk on Waterways Ireland's Risk Register and mitigation measures are in situ.

The goal to reduce the virus and keep waterways open continued whilst ensuring adherence to Government Covid-19 guidelines.

Significant progress has been made within Building Leadership & Organisational Capacity. A Chief Executive; Finance & Personnel Director; Marketing & Development Director; and other heads of functions were recruited during 2021. Importantly, a Head of Corporate Services was also appointed in Q2 2021 to support corporate responsibilities including Risk Management and Audit Reviews. These resourcing outcomes, facilitated by incremental budget in 2021, have 'steadied the ship' and the Waterways Ireland team has delivered a significant programme of work throughout 2021 in difficult circumstances.

Similarly, within Improving Governance there has been steady progress. Monitoring meetings with our Sponsor Departments and Audit Committee meetings occurred as scheduled throughout 2021. A revised Financial Memorandum was signed by Sponsor Departments and Waterways Ireland effective 1st August 2021. There is a programme of improvement ongoing in Risk Management Practices including investment in a new Risk Management System. A Governance Day programme was also delivered to the Extended Leadership Group in November 2021.

Collaborative and creative engagement during COVID slowed progress on planning for the future. Consequently, we prioritized a full delivery agenda of transformational projects, previously noted in the Foreword, in the first half of 2021. We do not anticipate commencing delivery on a 10-year strategy in advance of 2023. There remains

significant stakeholder engagement on the timing of two core elements of a future strategic plan.

Other important progressive steps during 2021 included:

- (i) A review of Finance processes in the first half of 2021 led by Business Consultancy Services, an independent team within Department of Finance
- (ii) The Risk Management Framework is monitored monthly to ensure visibility and tracking of outcomes. Work is ongoing to further embed Risk Processes within the organisation.
- (iii) The North South Ministerial Council (NSMC) Sectoral Meeting occurred in November 2020 and historic Corporate and Business Plans were approved. The 2021 Business Plan was also approved

Within this context I am satisfied Waterways Ireland has continued to make good progress in addressing the key risks and internal control gaps highlighted in this statement in the 2020 Annual Report. In summary, I am more assured that the foundations of a governance framework with appropriate structures and resources are adequate.

## PUBLIC FINANCIAL PROCEDURES

As Waterways Ireland's Chief Executive, I am directly responsible to the respective Ministers North and South and to their Departments for the Body's performance and operations. The Ministers determine the policy framework under which Waterways Ireland operates and the scope of its activities. The Ministers also determine the resources to be made available to the Body and approve the Corporate and Business Plans. A 3-year Corporate Plan 2020-2022 approved at the NSMC, is in place alongside an annual Business Plan.

Through Monitoring Meetings, I consult with Departments on the handling of operational matters that could give rise to significant public or parliamentary concern, including the nature, scale and likelihood of risks. Despite COVID-19 I can verify that Monitoring Meetings were held on four occasions during 2021 – all meetings were virtual. In addition, throughout 2021 there was ongoing dialogue with Sponsor Departments.

## CAPACITY TO HANDLE RISK

A set of procedures was in situ during 2021 to identify the Body's objectives and risks and based on these procedures a control strategy for each of the significant, identified risks was determined. Risk ownership was allocated to the appropriate staff. The attitude to risk and the processes within Waterways Ireland operated in a continual cycle.

A new Risk Management System was procured in 2021 with a test plan and training roll out program expected in 2022. There is work required to further embed a Risk Culture within the organisation.

### THE RISK AND CONTROL FRAMEWORK

A Corporate Risk Register identified the key risks directly related to the Body's Corporate and Business Plan goals. The Senior Management Team within Waterways Ireland convened on a monthly basis to review and discuss the Corporate Risk Register. The monthly forum considered new risks and changes in the operating environment and any necessary mitigation actions. The Corporate Risk Register was reviewed at each Monitoring Meeting and at four Audit Committee meetings. There were four Monitoring Meetings and five Audit Committee meetings (one of which was an interim meeting) in 2021 – all virtual.

### MAJOR INFORMATION SYSTEMS

Waterways Ireland uses Integra systems to produce financial accounting information and Core payroll systems to produce wages and salaries information. There are process and system controls within and around both of these systems to ensure the quality and integrity of management information provided to the Chief Executive and Senior Managers. As a result of the findings and recommendations following a BCS review of Finance processes (focusing on Procurement and Payroll) there is a building consensus of the need to consider more appropriate processes and systems. The starting point will be the completion of an IT Maturity Assessment in 2022. This will help inform the approach taken with regards to Digital Transformation within the organisation including an upgrade of the Integra Systems. An IT Steering Committee remains in place to monitor project delivery.

### FINANCIAL MANAGEMENT

The Body has in place the following processes:

- The Senior Management Group met virtually during 2021 on a monthly basis to monitor progress on business plans and any other issues. Outside of the monthly meetings specific agenda-led meetings also occurred throughout 2021.
- Waterways Ireland monitor the ever-increasing pensions costs for the Body, related to transferred in service for Southern Employees. This has first call on current funds and as it continues to increase it will put additional pressure on available current expenditure. Consequently, we continue to engage with our Sponsor Departments in Ireland.
- Property registrations and review of lease legacies continue. In 2021, Waterways Ireland established a dedicated small group of staff to focus exclusively on recovery and first registration. We also continue to examine encroachments.

- The land values in Operational Assets recognised in the accounts are based on estimated rather than precise boundaries and property registrations contribute to more precise valuations in the accounts. The Body continues to collate the actual property registration layers and then register the deed. This exercise is ongoing along the Royal and Grand canals. Any resultant increase in land values is expected to be modest given that any additional small parcels of land are largely at agricultural values.
- Assurance Statements are provided to Sponsor Departments bi-annually as part of the Business Assurance cycle.
- Late payment interest and penalties continue to be closely reviewed by Senior Management.

### PRIOR YEAR ADJUSTMENT - CANALS

Following extensive engagement over 12 months with our Auditors, Waterways Ireland commissioned a review of the valuation methodology applied to its Property Plant and Equipment in 2022 in line with accounting policy. This resulted in a reduction in Net Book Value of €277,339,000 to 1 January 2020 being the earliest period covered in these financial statements. The 2020 impact is a reduction in NBV of €2,610,000. The 2021 accounts have been prepared excluding any canal assets valuation. The findings of this report and discussions between Waterways Ireland staff and the NIAO and C&AG since June 2022 has resulted in the delay associated with finalising these financial statements as noted in the CEO's Foreward.

### INTERNAL AUDIT

- Waterways Ireland has an internal audit function in place whose programme of work is informed by analysis of the risk to which the Body is exposed, and annual internal audit plans are based on this analysis. These risk-based internal audit plans are agreed with the Accounting Officer and the Audit Committee. The internal audit plan and internal audit reports are reviewed during the year by the Audit Committee.
- As the impact of the Covid Health Emergency continued into 2021, Internal Audit continued operating throughout the period of the crisis and emergency measures, ensuring that Internal Audit assurance activities did not disrupt critical operational areas. This resulted in much of the Internal Audit work for 2021 taking place remotely and virtually, due to compliance guidelines in place to mitigate the spread of the virus, laid down by Governments in Northern Ireland and Ireland. This did not impact adversely on the ability of Internal Audit to give an assessment of the control environments for the areas reviewed during 2021. Internal Audit continued to operate effectively during the year.

- During 2021, Internal Audit finalised six internal audit reports. Four of the internal audits concluded with an overall satisfactory opinion and two internal audits concluding with an overall limited opinion. The two audits which had limited opinions were (i) Capital Expenditure and (ii) Marketing – Strategy & Expenditure. It should be noted that these two reports with overall limited opinions had a relatively low number of Priority 1 recommendations, with an overall total of two Priority 1 recommendations in these reports. Management have accepted all the recommendations and have put in place action plans to address the issues raised.
- The Internal Audit Assurance Statement for the year ended 31 December 2021 concluded that 'based on the scope of the audits which were completed during 2021 and assuming management effectively implement, in a timely manner, the internal audit recommendations made in each audit report, internal audit can provide reasonable assurance that there was an overall adequate system of control in place for the areas reviewed. This opinion is based upon and is limited to the work performed during the year. Whilst, in the main, there was an adequate system of internal control, there were two Priority 1 points noted which may put a number of the system objectives at risk in the area of Capital Expenditure. It is important to note a Tender for a Capital Expenditure and Project Management Framework has been completed with submissions currently being evaluated. The deliverables include a Capital Expenditure Framework and Procedure Manual, Governance Structure/RACI.
- In summary, there were a total of two Priority 1 points identified in the internal audits finalised during 2021. Twenty-five recommendations were made to strengthen the control environments and the related audit recommendations are being implemented by management. The Follow Up Review 2021 (one of the six audits) shows steady and improved progress is being made in the implementation of audit report recommendations and action plans are in place by management.

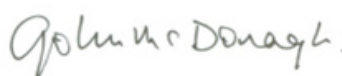
#### AUDIT COMMITTEE

- The Audit Committee consists of three independent non-executive members. The Audit Committee met in March, June, August (interim Audit Committee Meeting), September and December 2021. All meetings were held remotely in conformity with public health guidance in Northern Ireland and Ireland.
- The Audit Committee commenced all meetings with a private session (except 10th August) of approximately 30 minutes at which only the committee members were present. Following this session, the committee meetings were normally attended by the Chief Executive, the Director of Finance and Personnel,

the Head of Finance, representatives from the Sponsor Departments and both the Internal and External Auditor. Based on the work undertaken by the Waterways Ireland Audit Committee during 2021 including reviews of internal audit reports, procedures and papers, discussions at meetings with internal and external auditors, members of management and staff at Waterways Ireland the Audit Committee provided assurance in its Report to the Accounting Officer that it has discharged its responsibilities in accordance with its Charter and Terms of Reference.

- The Audit Committee is authorised by and reports to the Accounting Officer. The remit of the Audit Committee extends to all the operations of Waterways Ireland and it has access to necessary resources and information and may seek independent advice.
- The Internal Auditor has unrestricted access to the Chair and members of the Audit Committee.
- The duties of the Audit Committee are to:
  - I. Review and note the Annual Report and Financial Statements of Waterways Ireland, including reviewing the underlying accounting policies and practices.
  - II. Monitor the relationships with the Northern Ireland Audit Office and the Comptroller and Auditor General, to ensure that there are no restrictions on the scope of their external audit.
  - III. Consider the management letter received from the Northern Ireland Audit Office and the Comptroller and Auditor General and management's responses to the auditors' findings and recommendations.
  - IV. Review and note the strategic processes for risk, control and governance and the Statement of Internal Control.
  - V. Review and note the risk management arrangements at Waterways Ireland.
  - VI. Review and note the manner in which management ensures there is an adequate and effective system of internal control.
  - VII. Review and note the work of Internal Audit.
  - VIII. Review and note if audit recommendations are implemented by management in a timely manner.

The Audit Committee is responsible for advising the Accounting Officer on whether an appropriate system of internal control is in operation but not for its implementation. Overall responsibility for corporate governance, including internal control, fraud prevention and detection and for risk management rests with the Accounting Officer.



John McDonagh  
Chief Executive  
26th October 2023

## REPORT ON THE REMUNERATION OF SENIOR MANAGEMENT

The Senior Management of Waterways Ireland consist of the CEO, Directors and Regional Managers. The Chief Executive is the Accounting Officer as approved by NSMC and as prescribed in the Financial Memorandum is responsible for the efficient and effective administration of Waterways Ireland.

## POLICY ON THE REMUNERATION OF SENIOR MANAGERS

The pay scales of the Senior Management Team who are based in the NI jurisdiction mirror those of the NICS pay scales. The pay scales for each NICS grade contain a number of pay points from minima to maxima, allowing progression towards the maxima.

The pay scales of the Senior Management team who are based in the ROI jurisdiction are legacy pay scales and are instructed by the Sponsor Departments. Any annual increments are issued to Waterways Ireland through the relevant Sponsoring Department in each jurisdiction. Each year, Senior Managers are set objectives based on the 3 year Corporate and Annual Business Plans. Individual goals and objectives of the Senior Management Team are reviewed and assessed by the CEO throughout the year using Waterways Ireland's Performance Management structure. These performance assessments are documented and records maintained. The Chief Executive is assessed by the Sponsor Departments.

## SERVICE CONTRACTS

Senior Management appointments are made in accordance with the Waterways Ireland Recruitment and Selection Policy which requires appointment to be on merit on the basis of competence and suitability. Senior Management will receive an employment contract on appointment which details all terms and conditions. Termination payments are in accordance with contractual terms. During the year 2021 there were no compensation or severance payments to Senior Management.

## SALARY AND PENSION ENTITLEMENTS

The following sections provide details of the remuneration and pension interests of the Senior Management of Waterways Ireland.

## FAIR PAY DISCLOSURE

Waterways Ireland is required to disclose the relationship between remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The remuneration of the highest paid director in 2021 was €106,771 (2020: €105,241). This was 2.39 (2020: 2.49)

times the median salary of the workforce which in 2021 was €43,904 (2020: €42,252). The ratio is calculated using the mid-point of the banded remuneration of the highest paid director in post at the reporting date 31 December, in accordance with the North/South Implementation Bodies Annual Report and Accounts Guidance. The range of staff remuneration in 2021 is from €106,771 to €15,156. In 2021 and 2020 no employee received remuneration in excess of the highest paid director.

Total remuneration includes salary only, Waterways Ireland does not pay non-consolidated performance-related pay. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

## SALARY

'Salary' includes gross salary and any other allowance to the extent that it is subject to UK/Irish taxation.

## BENEFITS IN KIND

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs/ Ireland's Revenue Commissioners as a taxable emolument. There were no benefits in kind provided to Senior Management in 2021 or 2020.

## BONUSES

It is not the policy of Waterways Ireland to make any bonus payments to members of the Senior Management team or staff. No bonus payments have been made in 2021 or 2020.

## REMUNERATION (INCLUDING SALARY) AND PENSION ENTITLEMENTS OF SENIOR MANAGEMENT TEAM

	Salary	2021 Pension Benefits 2	Total	Salary	2020 Pension Benefits 2	Total
Total Senior Management Remuneration	€ 633,985	€ 341,576	€ 975,561	€ 590,413	€ 273,048	€ 863,461
Total Senior Management Remuneration – Full Time Equivalent	€ 640,277	€ 341,576	€981,853	€ 621,868	€ 273,048	€894,916

### NOTES:

1 The Senior Management Team includes the Chief Executive, Director of Finance and Personnel, Director of Business Development, Director of Technical Services, and the Eastern, Western and Northern Regional Managers. The Chief Executive is employed by Waterways Ireland from 1 March 2021, prior to this he was employed through an Agency and not a direct employee of Waterways Ireland. The Director of Business Development commenced their new position on 1 April 2021. The Director of Finance and Personnel was appointed on 26 January 2021. The Acting Director of Finance and Personnel was appointed as a contracted in service until 25 January 2021. The Eastern Regional Manager retired on 4 July 2021 and this position was replaced on 7 June 2021. As key management these costs are included above.

2 The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.

Exchange rate fluctuations – euro pay fluctuates due to exchange rate movements at 2021 €1.1633 (2020 €1.125) to £1.

Since disclosure of individual remuneration may represent a breach of the General Data Protection Regulations, a summary of Senior Management remuneration is presented.

### FAIR PAY DISCLOSURE

	2021 €	2021 £	2020 €	2020 £
Midpoint of the band of the highest paid Director	105,000	90,260	105,000	93,333
Median remuneration of staff	43,904	37,741	42,252	37,548
Ratio	2.39		2.49	
Range of staff remuneration	€15,156 to	£13,028 to	€8,510 to	£7,564 to
	€106,771	£91,783	€105,241	£93,547

## PENSION BENEFITS

Name	Accrued Pension at Pension Age at 31/12/21 and related Lump Sum	Real Increase in Pension and related Lump Sum at Pension Age	CETV at 31/12/21	CETV at 31/12/20	Real Increase in CETV
CEO <sup>1</sup>	Pension €2,100	Pension €2,100	€ 33,000	€ 0	€ 33,000
	Lump Sum €0	Lump Sum €0			
Regional Manager 1	Pension €52,000	Pension €2,000	€ 1,162,000	€ 1,138,000	€ 24,000
	Lump Sum €157,000	Lump Sum €6,000			
Regional Manager 2 <sup>2</sup>	Pension €50,000	Pension €0	€ 1,141,000	€ 1,163,000	-€ 22,000
	Lump Sum €151,000	Lump Sum €0			
Regional Manager 3	Pension €39,000	Pension €2,000	€ 773,000	€ 711,000	€ 62,000
	Lump Sum €118,000	Lump Sum €7,000			
Regional Manager 4 <sup>3</sup>	Pension €24,000	Pension €4,000	€ 391,000	€ 317,000	€ 74,000
	Lump Sum €39,000	Lump Sum €6,000			
Director 1 <sup>4</sup>	Pension €0	Pension €0	€ 0	€ 85,000	€ 0
	Lump Sum €0	Lump Sum €0			
Director 2 <sup>5</sup>	Pension €0	Pension €0	€ 0	€ 57,000	€ 0
	Lump Sum €0	Lump Sum €0			
Director 3	Pension €32,000	Pension €4,000	€ 619,000	€ 524,000	€ 95,000
	Lump Sum €68,000	Lump Sum €7,000			
Director 4 <sup>6</sup>	Pension €2,600	Pension €1,400	€ 24,000	€ 11,000	€ 13,000
	Lump Sum €0	Lump Sum €0			
Director 5 <sup>7</sup>	Pension €1,700	Pension €1,700	€ 21,000	€ 0	€ 21,000
	Lump Sum €0	Lump Sum €0			

### NOTES:

<sup>1</sup> The Chief Executive joined the Pension Scheme on 1 March 2021.

<sup>2</sup> The Regional Manager 2 retired on 4 July 2021

<sup>3</sup> The Regional Manager 4 was promoted on 7 June 2021.

<sup>4</sup> Director 1 resigned on 24 April 2020.

<sup>5</sup> Director 2 resigned on 31 December 2020.

<sup>6</sup> Director 4 was promoted on 1 April 2021.

<sup>7</sup> Director 5 was appointed on 26 January 2021.

## **PENSION ARRANGEMENTS - GENERAL DESCRIPTION OF THE SCHEME**

The pension scheme consists of a number of sections with different benefit structures. The main sections of the pension schemes currently are outlined below. The pension scheme is impacted by the McCloud Ruling, therefore it is anticipated that with effect from 1 April 2022, members of the N/SPS Core Final Salary section and Reserved Rights PCSPS(NI) section (“the legacy schemes”) will automatically move to the N/SPS alpha scheme. A consultation on the changes is currently in progress and the relevant legislation to confirm the changes on removing discrimination from transitional protection arrangements in NI unfunded public service pension schemes will emerge after the consultation.

### **The Core Final Salary Section**

This is a final salary pension arrangement with benefits modelled on the Classic section of the Principal Civil Service Pension Scheme in Northern Ireland. The scheme provides a pension (eightieths per year of service), a gratuity or lump sum (three eightieths per year of service) and spouse’s and children’s pensions. Normal Retirement Age is a member’s 60th birthday. Pensions in payment (and deferment) increase in line with general price inflation.

### **The Core Alpha Section**

This is a career averaged revalued earnings pension arrangement or CARE scheme with benefits modelled on the alpha section of the Principal Civil Service Pension Scheme in Northern Ireland. The scheme provides a pension based on a percentage (2.32%) of pensionable pay for each year of active membership (the pension is increased/decreased at the start of each scheme year in line with general price inflation) and spouse’s and children’s pensions. Normal Retirement Age is a member’s State Pension Age (“SPA”) in the relevant jurisdiction, which is currently 66. The Government is planning further increases, which will raise the SPA from 66 to 67 between 2026 and 2028. Under the current law, the State Pension age will increase to 68 between 2044 and 2046. The State Pension Age in Ireland is currently 66. The State pension age in Ireland was due to rise to 67 from 1 January 2021 and then 68 from 1 January 2028 however, the government has deferred this change and a Pensions Commission has been established to consider the change to the State pension age, among other issues such as sustainability and intergenerational fairness. Pensions in payment (and deferment) increase in line with general price inflation.

### **Reserved Rights Sections**

These are a number of sections of the scheme that are modelled on the Irish public service pension schemes that

employees of the North/South Bodies were members of at the point they were designated and transferred at the formation of the Bodies.

These schemes are final salary pension arrangements with benefits the same as the relevant Irish public sector scheme e.g., Superannuation Scheme for Established Civil Servants. These schemes provide a pension (for non-integrated members eightieths per year of service but for integrated members two-hundredths per year of service on salary up to 3.333 times the Old Age Contributory State Pension and eightieths per year of service on salary above 3.333 times the Old Age Contributory State Pension), a gratuity or lump sum (three eightieths per year of service) and spouse’s and children’s pensions. Normal Retirement Age is a member’s 60th birthday (or 65th in the Non-Contributory Pension Scheme for Non-Established State Employees).

Pensions in payment (and deferment) generally increase in line with general public sector salary inflation. The applicable Reserved Rights Scheme for Waterways Ireland in the South is both the, Non-Contributory Pension Scheme for Non-Established State Employees and the Superannuation Scheme for Established Civil Servants. In Northern Ireland, the relevant scheme is the Principal Civil Service Pension Scheme NI. Most Core section members have benefits in both the Final Salary and Alpha sections and new entrants who join the Scheme after 1st April 2015 will, in most cases, become members of the Core Alpha section.

The valuation used for FRS 102 disclosures at 31 December 2021 has been carried out by a qualified independent actuary (Deloitte). The results this year have been prepared by carrying out a full valuation of the Scheme’s liabilities using membership data at various dates as described in Note 16.1.

### **CASH EQUIVALENT TRANSFER VALUES**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member’s accrued benefits and any contingent spouse’s pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to Waterways Ireland's pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

#### **REAL INCREASE IN CETV**

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.



### COMPENSATION FOR LOSS OF OFFICE

During 2021, there were no compensation payments made as shown in the table below:

Cost Band	Compulsory Redundancies	Other Departures	Total Packages	2021 Total Cost €	Compulsory Redundancies	Other Departures	Total Packages	2020 Total Cost €
€0 to €20,000	0	0	0	0	3	0	3	20,756
€20,001 to €40,000	0	0	0	0	0	0	0	0
€40,001 to €60,000	0	0	0	0	0	0	0	0
€60,001 to €80,000	0	0	0	0	0	0	0	0
€80,001 to €100,000	0	0	0	0	0	0	0	0
€100,001 to €150,000	0	0	0	0	0	0	0	0
€150,001 to €200,000	0	0	0	0	0	0	0	0
TOTALS	0	0	0	0	3	0	3	20,756

### SALARY BANDS FOR ALL EMPLOYEES

Number of employees whose emoluments for the twelve months ending 31 December 2021 fell within the following bands:

Salary Bands €	2021 (no. of employees)	2020 (no. of employees)
Less than 40,000	200	200
40,000-49,999	100	105
50,000-59,999	48	34
60,000-69,999	32	29
70,000-79,999	14	8
80,000-89,999	4	2
90,000-99,999	1	1
100,000-109,999	1	3
TOTALS	400	382

## WATERWAYS IRELAND

### THE CERTIFICATE OF THE COMPTROLLERS AND AUDITORS' GENERAL TO THE NORTHERN IRELAND ASSEMBLY AND THE HOUSES OF THE OIREACHTAS

#### Opinion on the accounts

#### **THE CERTIFICATE OF THE COMPTROLLERS AND AUDITORS GENERAL TO THE NORTHERN IRELAND ASSEMBLY AND HOUSES OF THE OIREACHTAS**

##### **Opinion on the accounts**

We certify that we have audited the accounts of Waterways Ireland (the Body) for the year ended 31 December 2021 pursuant to the provisions of the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British/Irish Agreement Act 1999 which require us to audit and certify, in co-operation, the accounts presented to us by the Body. The accounts comprise:

- the income statement;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of cash flows; and,
- the statement of changes in equity; and
- the related notes including significant accounting policies.

These accounts have been prepared under the accounting policies set out within them.

In my opinion the financial statements:

- give a true and fair view of the state of the Body's affairs as at 31 December 2021 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102) and the accounts direction in the appendix to the accounts.

##### **Opinion on regularity**

In our opinion, the expenditure and income recorded in the accounts have in all material respects been applied to the purposes intended by the Northern Ireland Assembly and the Houses of the Oireachtas and the financial transactions reported in the accounts conform to the authorities which govern them.

##### **Basis for opinions**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the responsibilities of the auditors section of this certificate. We are independent of the Body in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2019 and of the Code of Ethics issued by the International Organisation of

Supreme Audit Institutions and have fulfilled our ethical responsibilities in accordance with these requirements.

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

### **Information other than the accounts**

The Body has presented certain other information together with the accounts. This comprises the annual report, the foreword to the accounts, the statement on the system of internal control/governance statement and the remuneration report. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Matters on which we report by exception**

We have nothing to report in respect of the following matters which I report to you if, in my opinion:

- we have not received all the information and explanations we required for our audit, or
- the accounting records were not sufficient to permit the accounts to be readily and properly audited, or
- the accounts are not in agreement with the accounting records, or
- the statement on the system of internal control/governance statement does not reflect compliance with applicable guidance on corporate governance.

### **Responsibilities of the Body and the Accounting Officer for the accounts**

As explained more fully in the Statement of Responsibilities, the Body is responsible for the preparation of the accounts on the basis of the accounts direction included in the appendix to the accounts and for being satisfied that they give a true and fair view. The Chief Executive, as Accounting Officer, is responsible for the propriety and regularity in relation to the use of public funds.

## Responsibilities of the auditors

Our responsibility is to audit the accounts in accordance with the provisions of the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British-Irish Agreement Act 1999 and to report thereon to the Northern Ireland Assembly and the Houses of the Oireachtas.

Our objective in carrying out the audit is to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether caused by fraud or error. 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 accounts.

As part of an audit in accordance with the ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. In doing so

- We identify and assess the risks of material misstatement of the accounts 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.
- We 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 internal controls.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- We conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Body's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the accounts 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 report. However, future events or conditions may cause the Body to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the accounts, including the disclosures, and whether the accounts 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.

In addition, we are required to obtain evidence sufficient to give reasonable assurance that expenditure and income recorded in the financial accounts have been applied to the purposes intended by the Northern Ireland Assembly and Houses of the Oireachtas and that the financial transactions recorded in the accounts conform to the authorities which govern them.



Dorinnia Carville  
Comptroller and Auditor  
General for Northern Ireland  
Northern Ireland Audit Office  
106 University Street  
Belfast  
BT7 1EU



Seamus McCarthy  
Comptroller and Auditor General,  
Ireland  
3A Mayor Street Upper  
Dublin 1  
DO1 PF72

27 October 2023

# INCOME & COMPREHENSIVE INCOME STATEMENTS

## INCOME STATEMENT

for the year ended 31 December 2021

	Notes	€'000 2021	£'000 2021	€'000 2020 Restated	£'000 2020 Restated
<b>INCOME</b>					
Revenue Funding from Departments	2	31,562	27,132	26,898	23,909
Release from Capital Grant and Revaluation/Donation/Grant Reserves		10,509	9,034	10,977	9,757
Other Operating Income	3	8,406	7,227	6,349	5,643
<b>TOTAL INCOME</b>		<b>50,477</b>	<b>43,393</b>	<b>44,224</b>	<b>39,309</b>
<b>EXPENDITURE</b>					
Staff Costs	4	26,734	22,981	23,603	20,980
Programme Costs	5	7,870	6,764	5,755	5,115
Other Operating Costs	6	5,321	4,573	7,952	7,067
Currency (gains)/losses and interest payable		53	46	59	52
Depreciation	7.1,7.2	10,509	9,034	10,405	9,249
<b>TOTAL EXPENDITURE</b>		<b>50,487</b>	<b>43,398</b>	<b>47,774</b>	<b>42,463</b>
Operating (Deficit) for the Year		(10)	(5)	(3,550)	(3,154)
(Loss)/Profit on Disposal of Property, plant and equipment		(1)	(1)	(571)	(508)
<b>Profit/(Deficit) for the Year</b>		<b>(11)</b>	<b>(6)</b>	<b>(4,121)</b>	<b>(3,662)</b>

## STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2021

	Notes	€'000 2021	€'000 2021	€'000 2020 Restated	€'000 2020 Restated
(Deficit) for the Year		(11)	(6)	(4,121)	(3,662)
Actuarial (loss)/gain on pension liabilities	16.2	(5,862)	(5,039)	(19,140)	(17,215)
Net transfer (in)/out of the scheme	16.2	190	163	(26)	(23)
Adjustment to Deferred pension funding		5,672	4,876	19,166	17,238
Unrealised surplus on revaluation of Land and Buildings	7.1, 7.2	71,259	59,846	23,436	21,079
<b>Total recognised gain for the Year</b>		<b>71,248</b>	<b>59,840</b>	<b>19,315</b>	<b>17,417</b>

The notes on pages 51 to 73 form part of these accounts.



John McDonagh  
Chief Executive  
26th October 2023

# STATEMENT OF FINANCIAL POSITION

## STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

	Notes	€'000 2021	£'000 2021	€'000 2020 Restated	£'000 2020 Restated	€'000 2019 Restated	£'000 2019 Restated
<b>PROPERTY, PLANT AND EQUIPMENT</b>							
Tangible Assets	7.1	33,725	28,324	33,459	30,095	33,388	28,380
Operational Assets and Work in Progress	7.2	556,624	467,476	489,747	440,499	470,611	400,010
<b>CURRENT ASSETS</b>							
Short Term Investment	8	0	0	0	0	2,000	1,700
Cash at bank and in hand	9	7,544	6,336	7,246	6,517	5,509	4,682
Stocks	10	574	481	597	537	674	574
Debtors/Prepayments - amounts due within one year	11	1,851	1,555	2,099	1,888	1,265	1,075
		9,969	8,372	9,942	8,942	9,448	8,031
<b>CURRENT LIABILITIES</b>							
Creditors - amounts due within one year	12	(5,559)	(4,667)	(6,368)	(5,733)	(5,332)	(4,532)
<b>NET CURRENT ASSETS</b>							
Debtors /Prepayments - amounts due after one year	10	26	22	13	12	126	107
Creditors - amounts due after one year	11	(760)	(638)	(695)	(620)	(789)	(671)
Deferred Pension Funding	16.4	169,794	142,600	156,833	141,062	131,895	112,108
Pension Liability	16.5	(169,794)	(142,600)	(156,833)	(141,062)	(131,895)	(112,108)
Provisions	13	(7,557)	(6,347)	(7,169)	(6,448)	(4,045)	(3,438)
<b>TOTAL ASSETS LESS LIABILITIES</b>		586,468	492,542	518,929	466,747	503,407	427,887
<b>FINANCE BY:</b>							
<b>CAPITAL AND RESERVES</b>							
Revenue Reserve		(4,996)	(4,196)	(6,549)	(5,891)	(2,547)	(2,165)
Capital Grant Reserve		569,850	478,586	505,663	454,816	488,161	414,928
Donation Reserve		20,185	16,952	18,297	16,457	16,186	13,758
Grant Reserve		1,429	1,200	1,518	1,365	1,607	1,366
		586,468	492,542	518,929	466,747	503,407	427,887

The notes on pages 51 to 73 form part of these accounts.



John McDonagh  
Chief Executive  
26th October 2023

# CASH FLOW STATEMENT

## CASH FLOW STATEMENT

for the year ended 31 December 2021

	Notes	€'000 2021	£'000 2021	€'000 2020	£'000 2020
Net Cash in/(out)flow from operating activities	14.1	(109)	(92)	(700)	(622)
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>					
Short term fixed deposit		-	-	2,000	1,700
Receipt from sale-plant, land, property rights		1,538	1,321	1,000	889
Payments to acquire tangible property, plant and equipment	7.1,7.2	(7,931)	(6,818)	(7,747)	(6,886)
Net Cash outflow before financing		(6,502)	(5,589)	(5,447)	(4,919)
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>					
Capital funding received		4,384	3,769	4,564	4,057
Donation/Grant received		2,416	2,077	2,620	2,329
Difference on currency translation		-	(438)	-	368
Net increase/(decrease) in cash and cash equivalents	14.2	298	(181)	1,737	1,835
Cash and cash equivalents at the start of the year		7,246	6,517	5,509	4,682
Cash and cash equivalents at the end of the year	14.2	7,544	6,336	7,246	6,517

The notes on pages 51 to 73 form part of these accounts.

The currency translation adjustment reflects the amount of the movement in the value of the current assets and liabilities which is attributable to the change in exchange rates over the year.



John McDonagh  
Chief Executive  
26th October 2023



# STATEMENT OF CHANGES IN EQUITY

## STATEMENT OF CHANGES IN EQUITY

as at 31 December 2021

REVENUE RESERVE	Notes	€'000 2021	£'000 2021	€'000 2020	£'000 2020
At 01 January		(6,549)	(5,890)	(2,547)	(2,165)
Surplus/(Deficit) in the year		(11)	(6)	(4,121)	(3,662)
Plus: Transfer from Capital Grant and Revaluation Reserve & Donation Reserve		1,564	1,344	119	106
Difference on currency translation		-	356	-	(169)
At 31 December		(4,996)	(4,196)	(6,549)	(5,890)

**Notes:** Transfer from Capital Grant Reserve relates to disposal of land/property rights €1,538,000 and €26,000 reanalysed as an expense from WIP.

As per note 2.1 certain revenue program costs are deemed capital in nature for funding purposes.

CAPITAL GRANT and REVALUATION RESERVE	Notes	€'000 2021	£'000 2021	€'000 2020 Restated	£'000 2020 Restated
At 01 January		505,663	454,816	765,499	650,659
Prior year adjustment	7.3	-	-	(277,339)	(235,731)
<b>Restated at 01 January</b>		505,663	454,816	488,160	414,928
Capital Grants Received	2	4,384	3,769	4,564	4,057
Revaluation and depreciation adjustment	7.1, 7.2	71,259	59,846	23,437	21,080
Less: Transfer to Revenue Reserve		(1,564)	(1,344)	(119)	(106)
Less: Amortisation of Capital Grants		(9,892)	(8,503)	(10,379)	(9,226)
Difference on currency translation	7.1, 7.2	-	(29,998)	-	24,083
At 31 December		569,850	478,586	505,663	454,816

**Notes:** Transfer to Revenue Reserve relates to disposal of land/property rights €1,538,000 and €26,000 reanalysed as an expense from WIP Prior Year adjustment relating to Canal valuations as a result in a change in accounting policy, see Note 7.3. The currency translation adjustment reflects the amount of the movement in the value of the Capital Grant Reserve which is attributable to the change in the exchange rate over the year.

DONATION RESERVE	Notes	€'000 2021	£'000 2021	€'000 2020	£'000 2020
At 01 January		18,297	16,457	16,186	13,758
Donations Received		2,416	2,077	2,620	2,329
Less: Amortisation of Donations		(528)	(454)	(509)	(452)
Difference on currency translation	7.1, 7.2	-	(1,128)	-	822
At 31 December		20,185	16,952	18,297	16,457

**Note:** Donations from third parties of Assets and funding to complete works on the Waterways.

The currency translation adjustment reflects the amount of the movement in the value of the Donation Reserve which is attributable to the change in the exchange rate over the year.

GRANT RESERVE	Notes	€'000	£'000	€'000	£'000
		2021	2021	2020	2020
At 01 January		1,518	1,365	1,607	1,366
Less: Amortisation of Grants		(89)	(77)	(89)	(79)
Difference on currency translation	7.1, 7.2	-	(88)	-	78
At 31 December		<u>1,429</u>	<u>1,200</u>	<u>1,518</u>	<u>1,365</u>

**Note:** Grants from third parties of funding to complete works on the Waterways.

The currency translation adjustment reflects the amount of the movement in the value of the Grant Reserve which is attributable to the change in the exchange rate over the year.



John McDonagh  
Chief Executive  
26th October 2023

## NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

### 1. ACCOUNTING POLICIES

#### 1.1 ACCOUNTING CONVENTION

The accounts have been prepared in accordance with the historical cost convention modified to account for the revaluation of property, plant and equipment. The accounts comply with the accounting and disclosure requirements issued by DoF and DPER in 2017.

#### 1.2. STATEMENT OF COMPLIANCE WITH FRS 102

The financial statements of Waterways Ireland for the year ended 31 December 2021 have been prepared in accordance with North/South Implementation Bodies Annual Reports and Accounts Guidance (July 2017), produced by DoF and DPER, in conjunction with the Northern Ireland Audit Office and the Office of the Comptroller and Auditor General in Ireland.

#### 1.3 INCOME

Income includes cash grants received and receivable from the Department for Infrastructure and the Department of Housing, Local Government and Heritage (DHLGH) which funded activities in the current period. Other Operating Income is accounted for on an accruals basis, however, operating income includes income from navigation usage such as permits, and winter moorings which are accounted for on an accruals basis, with lock tolls and dry dock charges recognised on a receipts basis. Government grants are recognised on an accruals basis as per FRS102.

#### 1.4 EXPENDITURE

Expenditure relates to the operational activities of Waterways Ireland and is accounted for on an accruals basis.

#### 1.5 RECEIVABLES

Receivables are stated after providing for bad and doubtful debts.

#### 1.6 DEFERRED INCOME

Deferred Income includes an agreement with Waterways Ireland receiving €135,000 for exclusive access to a duct part of which is on Waterways Ireland land. The length of this duct on Waterways Ireland property is 25,600 metres. The duct is solely used to hold telecommunications cable and no other cables from any other parties can use this duct. The lease is for two terms of 35 years with no break clause. The €135,000 is being released to the Statement of Income over 35 years commencing in 2011. There remains 24 years with €3,857 released in 2021 to income. Funds received for the Ulster Canal at Clones of €246,000, €46,000 DETE funding for the Shannon Greenway and partnership funding for marketing of the Royal Canal Greenway of €120,000 remain to be spent in 2022. Permit income and winter moorings payments received for 2022 amount to €41,000.

#### 1.7 PROPERTY, PLANT AND EQUIPMENT

Waterways Ireland capitalise items with a useful economic life of over one year and with a value in excess of €1,000. Expenditure on IT and furniture and fittings are treated as a grouped asset and capitalised. Project spend which replaces or enhances the service potential of property, plant and equipment is capitalised. Staff costs directly attributable to these projects are capitalised. Where projects are not completed at year end but will create a new asset or a revaluation of an existing operational asset, the related project costs have been included in work in progress.

An impairment procedure is in place and is reflected in revaluations reserve.

## VALUATIONS:

Waterways Ireland aim to value all asset categories at least every five years using a combination of internal professional valuers, external valuers and agreed sales proceeds. Operational assets are specialised in nature, location and function. They are valued by in house professionally qualified engineers supported by an external review of the process used to value operational assets to confirm compliance with FRS102.

Since 2012 Waterways Ireland have applied available inspection data on asset conditions to asset life. Inspections are assessed by internal and external qualified engineering experts. For the 2021 accounts this resulted in a net increase of €47,061,000, reflecting.

- Improved information across Locks, Lockgates, Bridges and Weirs through the first condition assessment of assets initially set at mid-point life, and
- Movement in conditions since previous inspections.

Two types of inspections informed Lock, Lockgate, Bridge and Weir asset conditions in the 2021 accounts;

- General inspections which are carried out every 2-5 years; and
- Principal inspections which are carried out every 6-20 years;

The timing of inspections is dependent on the asset, in line with Waterways Ireland draft Priority Asset Inspection Cycles.

A programme of accelerated asset inspections commenced in 2020 and the intention is that the programme will provide baseline data for all the above asset types by the end of 2022.

The valuation basis by Asset Category are outlined below:

### 1.7.1 SURPLUS ASSETS

Surplus assets represent those assets that Waterways Ireland deem are not strategic and are available for sale. Valuations are based on recoverable market value from internal and external market reports. The main components were as follows:

- Hatch Bar €45,000; held at agreed sales proceeds.
- Canal House Park Canal €21,000; internal valuation by Kieran Taggart Member of the Royal Institute of Chartered Surveyors in 2017, revised 2022.
- Mill Cottage €116,000; valued internally Kieran Taggart Member of the Royal Institute of Chartered Surveyors in 2018, revised 2022.
- Property disposals in progress at 2021 €1,452,500 internally valued.
- Bogland at Pullough €9,500, valued in 2018 based on agreed sales proceeds.

### 1.7.2 LAND AND BUILDINGS

Freehold land €19,500,000; valued at Market value by GVA Donal O Buachalla, Dublin in February 2019. The valuation technique used was the "market approach" which uses prices and other relevant information generated by market transactions involving identical or comparable (similar) assets. Other Freehold Land and Buildings were valued internally in 2019 by Rodney McVitty BSc (Hons) Surveying (Specialising in Estate Management) MRICS.

### 1.7.3 PLANT, VEHICLES AND MACHINERY

Cost incurred (Depreciated historical cost).

### 1.7.4 COMPUTER, FURNITURE AND FITTINGS

Cost incurred (Depreciated historical cost) internal valuation.

### 1.7.5 WORK IN PROGRESS

Cost incurred (Depreciated historical cost) internal valuation.

### 1.7.6 OPERATIONAL ASSETS VALUATION PERFORMED IN HOUSE BY CHARTERED ENGINEERS

#### 1. HARBOURS; JETTIES; QUAYS; DRY DOCKS; FLOATING JETTIES; AND TRACKLINE

Assets acquired prior to 2003 were internally valued in 2003 using replacement cost. Assets acquired since 2003 are initially measured at the cost incurred by Waterways Ireland in acquiring the asset.

The value of all assets (irrespective of year of acquisition) is indexed internally in line with construction inflation each year. In 2021, the Construction Price Inflation index applied was 9.52% resulting in a net surplus on revaluation of €9,006,000. Some Slipways were separated from canal asset and valued at €2,400,000.

The valuations are also updated internally to take account of new information from surveys including exact dimensions. Standard costs include integral elements of structures, fencing, bollards, sluices etc. With the exception of floating jetties, 25 years, life is estimated at 500 years based on regular repairs and maintenance and taking into consideration their existing age.

Towpaths, car parks, lighting, paved areas and small structures are capitalised in the accounts where they represent an improvement on assets. They are included in the gross project costs and depreciated over the project life. Further reviews will be carried out on a rolling basis with any amendments reflected in the Asset Register.

Structures on non-operational navigations are deemed to have no value since there is no economic benefit, only land footprint is valued.

#### VALUATION OF CANAL ASSETS

The canal assets were constructed hundreds of years prior to the formation of the Body. As per the North / South Implementation Bodies Annual Reports and Accounts Guidance 2017, and permitted by FRS 102, Waterways Ireland has adopted a revaluation model for its operational infrastructure. The valuation of the canal structure costs were established by in-house experts in 2003 using an estimated replacement cost basis.

Prior to 2019 Waterways Ireland did not have a formulated asset management strategy. In 2019 Waterways Ireland commissioned an external asset management specialist to assist the Body in formulating an asset management strategy. The purpose of the strategy was to determine asset conditionality across our 1,100 kilometres navigations network; identify risk associated with the condition of our assets; and mitigate risk by identifying long term capital deployment needs for the future. An integral element of the new strategy was an accelerated Asset Management Improvement Programme (AMIP).

Following adoption of the strategy Waterways Ireland resourced an asset management team and a key initial objective within AMIP commencing in 2020 was an extensive programme of scheduled structured inspections across all our navigations. The purpose of the inspection programme was to determine the status of the assets based on condition and risk. In applying conditionality to these assets, it changes their useful life and subsequently the valuation of these assets.

The work programme involved in assessing conditionality of all our assets over our 1,100 kilometres of navigation network is enormous. In 2020 at the commencement of the inspection programme non-linear assets were prioritised in the assessment of risk. Consequently, during the audit of the 2021 accounts Waterways Ireland provided the Auditors with revised asset values for those assets which had been inspected, had their conditionality determined, had changes in useful life and valuation occur. These changes exceeded the normal materiality threshold. On this basis the Auditors sought further clarification of the valuation of the linear assets (canals) which had at that time not been inspected.

The AMIP through its extensive programme of structured inspections across all our navigations (excluding the canal assets) in applying conditionality resulted in useful life and valuation changes. These changes in addition to annual Construction Price Index (CPI) and other movements contributed to an increase in Net Book Value as at Dec 31st 2020 of €70m.

As a result of these initial findings during the 2021 audit the Auditors expressed concerns that the average uplift in asset value arising from the ongoing inspection programme created a risk in terms of the valuation of similar assets where inspections were planned but had not been completed. Our Auditors raised concerns about the valuation applied to Waterway's Ireland's canal assets.

There is no market for the purchase or sale of the canal assets. Identifying a comparator with exactly similar characteristics was not an option although an exercise using current construction costs was completed.

Following the concerns expressed by our auditors about whether the current valuation could be demonstrated to be materially accurate, Waterways Ireland commissioned a review of the valuation methodology, which was conducted by an independent specialist Faithful & Gould over several months. This work was subject to a review by relevant experts within the Department for infrastructure over the appropriateness of the methodology used. The findings concluded, in relation to canal assets, that due to the range of differing physical scenarios and wide-ranging assumptions the replacement value approach previously adopted was inappropriate in determining estimated replacement costs of the canal network. The report recommended specific methods to value the canal assets.

In applying the recommendations from the valuation report, award winning independent firm Hannaway Corporate Advisors working with internal experts carried out an illustration of a fair value calculation estimation methodology, assuming that these recommendations were fully implemented, to establish whether they would be likely to result in a reliable estimate of fair value for the canal assets, as required by FRS 102.2. It was concluded that the range of reasonable fair value estimates for canal assets applying this approach would be significant, and the probabilities of the various estimates could not be reasonably assessed and would be beyond the range of materiality thresholds. Considering this finding, Waterways Ireland have not included these assets in its financial statements as set out in FRS 102 2A.5 if the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed an entity is precluded from measuring the asset at fair value.

As the canal assets were constructed many years before Waterways Ireland was formed, information on the actual construction costs of the assets is not available, and therefore it is not possible to adopt an alternative approach of measuring the canal assets on a depreciated historic cost basis. Waterways Ireland has therefore concluded that the canal assets no longer meet the criteria for recognition in the financial statements under FRS 102.2.30 and has therefore taken the decision not to recognise the canal assets in the financial statements. The canal assets include Royal Canal, Grand Canal, Barrow Canal, Lower Bann, Lough Allen, Jamestown, and Shannon Erne.

This change in relation to derecognition of canal assets has resulted in a reduction in Net Book Value of €277,339,000 to 1 January 2020 being the earliest period covered in these financial statements. At 31 December 2020, the impact is a reduction in NBV of €279,949,000. These impacts are shown in Note 7.3 to the financial statements. The financial statements to 31 December 2021 have been prepared with no value attributed to canal assets. The review of the accounting treatment of these assets and subsequent analysis have resulted in the delays associated with finalising the financial statements for the year ended 31 December 2021.

Further detail is included under Note 7.3 in the financial statements.

## 2. LOCK CHAMBERS AND LOCK GATES

Lock Chambers and gates were externally valued in 2018 by Capita, Sharon Dickenson, Chartered Structural Engineer - BEng (Hons) CEng MIEI MStructE AMICE, and Rodney Hughes, Chartered Surveyor – BSc (Hons) MRICS, resulting in a net surplus on revaluation. Lock gates assets are updated separately from lock chambers reflecting an expected life of up to 60 years with lock chambers life span being 120 years. Valuations are based on depreciated replacement costs; useful life is 120 years. In 2021 revised condition on Lock chambers and gates are reflected in net increase for 2021 accounts of €39,052,000. An impairment of lockgates reduced the valuation by €428,000.

3. WEIRS

In 2018 all weirs were valued externally by Capita, Sharon Dickenson, Chartered Structural Engineer - BEng (Hons) CEng MIEI MStructE AMICE, and Rodney Hughes, Chartered Surveyor – BSc (Hons) MRICS resulting in a net deficit on revaluation primarily arising from standard costed structures restated to correct life and dimension. Valuations based on depreciated replacement costs, useful life is 120 years. In 2021 Revised condition on Weirs reflected in net increase for 2021 accounts of €2,269,000, an identified Weir was valued in 2021 an increase of €81,000.

4. BRIDGES AQUEDUCTS AND MAJOR CULVERTS

In 2018 Bridges Aqueducts and Major Culverts were valued externally by Capita, Sharon Dickenson, Chartered Structural Engineer - BEng (Hons) CEng MIEI MStructE AMICE, and Rodney Hughes, Chartered Surveyor – BSc (Hons) MRICS resulting in a net surplus on valuations are based on depreciated replacement cost, useful life is 120 years. In 2021 Bridge revised condition changes are reflected in a net increase on revaluation of €5,740,000.

5. LAND

Urban amenity land values and Bogland values were reviewed internally by Rodney McVitty MRICS. Rural land is valued internally using agricultural values as published in the Irish Farmer Journal. In 2021 accounts this resulted in an increase in land values of € 9,028,000. A land folio registered for Offaly has resulted in a revaluation of that plot by €2,925,000.

6. DEPOTS AND LOCK-HOUSES

Valued at Higher of Existing Use or Recoverable Market Value by internal valuations completed by Sarah Carney BSc (Hons) Member of Royal Institute of Chartered Surveyors and Carey Palmer BLE (Hons) Member of the Royal Institute of Chartered Surveyors. A number of assets were valued in 2014, internally by Carey Palmer BLE (Hons) Member of the Royal Institute of Chartered Surveyors. In 2019 a sample of lock houses were reviewed internally by Rodney McVitty, BSc (Hons) Surveying (Specialising in Estate Management) MRICS.

7. SERVICE BLOCKS

Internally valued at replacement costs in 2011 accounts, service blocks were updated by CPI index movement in 2021.

## DEPRECIATION

Depreciation is charged in full on assets in year of acquisition and no depreciation is charged in year of disposal. Depreciation rates:

Asset Category	Years
<b>Property, Plant and Equipment</b>	
Surplus Assets	Not Depreciated
Buildings	50
<b>Plant, Vehicles and Machinery</b>	
Boats	10 – 40
Excavators	10 – 20
Grasscare	20
General Plant	6 – 20
Vehicles	6 – 15
<b>Computers, Furniture and Fittings</b>	
Furniture	10
IT Equipment	5
<b>Operational Assets and Work in Progress</b>	
<b>Land</b>	Not Depreciated
<b>Operational Assets</b>	
Locks, Fixed Mooring	60 – 500
Lock houses	50
Depots, Service Blocks	50
Floating Moorings	25
Bridges, Aqueducts, Culverts, Weirs	25 – 500

### 1.8 DEFERRED PENSION FUNDING

In accordance with accounting practice for non-commercial State bodies in the Republic of Ireland, Waterways Ireland recognises an asset representing resources to be made available by the UK and Irish Exchequers for the unfunded deferred liability for pensions on the basis of a number of past events. These events include the statutory backing for the superannuation schemes, and the policy and practice in relation to funding public service pensions in both jurisdictions including the annual estimates process. While there is no formal agreement and therefore no guarantee regarding these specific amounts with the funding bodies, Waterways Ireland has no evidence that this funding policy will not continue to progressively meet this amount in accordance with current practice. This treatment is inconsistent with accounting practice for UK Non-Departmental Bodies, where, due to the absence of a formal guarantee, a funding liability is not recognised until the commitment falls due.

### 1.9 PENSION COSTS

The North/South Pension Scheme was established by the North/South Implementation Bodies and Tourism Ireland Limited with effect from 29th April 2005. It is a defined benefit pension scheme with different benefit structures which is funded annually on a pay as you go basis from monies provided by the UK and Irish Exchequers. The scheme is administered by an external administrator. Funding from the Irish Exchequer is provided by the Department of Housing, Local Government and Heritage (DHLGH). The Northern Ireland share of the benefits paid during the year is provided by the Department for Infrastructure.

Pension costs reflect pension benefits earned by employees during the period. An amount corresponding to the pension charge is recognised as income to the extent, that in the future either by way of grant income or other funding to the administrator, it is recoverable, and offset by pension payments made in the year.

Actuarial gains and losses arising on scheme liabilities are reflected in the Statement of Comprehensive Income and a corresponding adjustment is recognised in the amount recoverable from the UK and Irish Exchequers. Pension liabilities represent the present value of future pension payments earned by staff to date. Deferred pension funding represents a corresponding asset being resources to be made available in future periods from the UK and Irish Exchequers, in the manner described above.



The Statement of Financial Position recognises the cumulative liability for pensions earned by employees as at 31 December 2021 together with a corresponding asset.

#### 1.10 LEASED ASSETS

Operating lease rentals are charged to the Income Statement on a straight-line basis over the lease term.

#### 1.11 VALUE ADDED TAX

VAT is included as expenditure or, where appropriate, capitalised in the value of property, plant and equipment. Returns to the Revenue Commissioners in Ireland are in respect of certain goods and services from abroad and intra-community acquisitions. Revenue authorities in Northern Ireland have determined that there is no business activity in Northern Ireland and there is no liability to VAT.

#### 1.12 STOCK

Stock figures in the accounts are valued at the lower of cost and net realisable value.

#### 1.13 PROVISIONS AND CONTINGENT LIABILITY

A provision is made in the accounts which represents a reliable estimate of probable settlements for legal cases against Waterways Ireland. This estimate is based on the book of quantum by State Claims Agency. A percentage is applied to this amount and provided for in the accounts, based on the Waterways Ireland judgement.

SCA Assessment of the Liability Position	Provision made at this % of SCA Assessment
Liability not yet established	100
Liability not in dispute	100
Liability in dispute - contributory negligence	70
Liability in dispute - third party	60
Liability fully disputed	50

A contingent liability arises for either claims where there is a possible but not probable obligation to settle, or a reliable monetary estimate of the obligation cannot be made. Based on past experience the contingent liability is currently set at 60% of the best estimate for each case. Contingent liabilities are not recognised in the Statement of Financial Position but disclosed in a note 17 to the accounts. As a result of a ruling by the Court of Appeal in December 2018 in relation to two employment tribunal cases of McCloud and Sargeant against the UK Government in relation to discrimination in the implementation of transitional protection following changes made to public service pension scheme legislation in the UK in 2015. A contingent liability is shown in the accounts based on advice sought. An estimate made by the actuary to the North South pension scheme is that a compensation payable by Waterways Ireland will be up to €2,500,000. This is recorded without adjustment in note 17 to the accounts.

#### 1.14 CURRENCY TRANSLATION

Waterways Ireland's transactions are effected in both euro and sterling. The functional currency of Waterways Ireland is euro and transactions are initially recorded in that currency. Transactions in other currencies are translated to euro at an average of the previous month exchange rate (this is used as an approximation). Monetary assets and liabilities denominated in other currencies are translated to euro at the rates of exchange prevailing at the Statement of Financial Position date (closing rate). Realised gains and losses are taken to the Statement of Comprehensive Income.

At year end the financial statements are translated into sterling. The Statement of Income is translated using the average exchange rate for the year while the Statement of Financial Position is translated using the closing exchange rate. Currency adjustments arising from this translation of the financial statements are reflected in Property, plant and equipment (Note 7.1, 7.2), Statement of changes in Equity including the Revenue Reserve, Capital Grant and Revaluation Reserve, Donation Reserve, Grant Reserve, Net Cash Flow from Operating Activities (Note 14.1), Analysis of Movement in Pension Liability (Note 16.2) and the Deferred Pension Funding (Note 16.4). The Bank of England rates are used.

### 1.15 CAPITAL GRANT AND REVALUATION RESERVE

The Capital Grant and Revaluation Reserve represents the value of grants from Sponsor Departments used to purchase property, plant and equipment and the value of infrastructure assets transferred to Waterways Ireland including any revaluations carried out. The Capital Grant and Revaluation Reserve is amortised in line with depreciation with the Income Statement credited to offset the impact of the amortisation.

### 1.16 DONATION RESERVE/GRANT RESERVE

The Donation Reserve and Grant Reserves arise from contributions of funding or assets to Waterways Ireland from third party bodies. Valuations, for non-cash donated assets, reflects confirmed project costs incurred by the third party to establish Waterways Ireland assets. The Donation Reserve and Grant Reserve is amortised in line with depreciation with the Income Statement credited to offset the impact of the amortisation.

## 2. FUNDING FROM DEPARTMENTS

### 2.1 FINANCIAL YEAR 01 JANUARY 2021 – 31 DECEMBER 2021

	DHLGH €'000	DHLGH £'000	Dfl €'000	Dfl £'000	TOTAL €'000	TOTAL £'000
Funding taken to Income	27,142	23,332	4,420	3,800	31,562	27,132
Funding Capitalised	3,121	2,683	1,263	1,086	4,384	3,769
	<b>30,263</b>	<b>26,015</b>	<b>5,683</b>	<b>4,886</b>	<b>35,946</b>	<b>30,901</b>

### 2.2 FINANCIAL YEAR 01 JANUARY 2020 – 31 DECEMBER 2020

	DHLGH €'000	DHLGH £'000	Dfl €'000	Dfl £'000	TOTAL €'000	TOTAL £'000
Funding taken to Income	22,848	20,309	4,050	3,600	26,898	23,909
Funding Capitalised	3,958	3,518	606	539	4,564	4,057
	<b>26,806</b>	<b>23,827</b>	<b>4,656</b>	<b>4,139</b>	<b>31,462</b>	<b>27,966</b>

This table indicates how the funds have been applied in the accounts. This is based on generally accepted accounting principles. Waterways Ireland was paid grants from money voted by the Northern Ireland Assembly and Dáil Éireann in 2020. As the Northern Ireland Assembly were not in session for part of the year alternative arrangements were made.

NSMC, with the approval of the Finance Ministers, recommended that the grants should be split on an 85:15 basis for current work – DHLGH (85) and Dfl (15). Capital works are 100% funded in the jurisdiction in which they take place. The funding definition of current and capital differs from generally accepted accounting guidance.

Funding capitalised in 2021 from DHLGH includes €68,172 RRDF match funding Category 1 application toward the Ulster Canal, and €650,604 match funding under the Rural Regeneration and Development Fund toward the development of the Barrow Blueway.

Waterways Ireland's 2021 Business Plan has been formally approved by the Sponsor Departments, Finance Departments and the North South Ministerial Council (NSMC). Dfl had implemented contingency arrangements, put in place by DoF to enable the payment of funding to the Body prior to NSMC approval. These involved the approval of a draft Business Planning document which set out the Body's short-term proposed activities, together with the related benefits and costs.

### 3. OTHER OPERATING INCOME

	Notes	€'000 2021	£'000 2021	€'000 2020	£'000 2020
Licences		81	70	69	61
Property Related Income		309	266	311	276
Operating Income		222	191	160	142
Interest Receivable		-	-	-	-
Net deferred funding for pensions	16.3	7,289	6,266	5,772	5,131
Other Income		505	434	37	33
<b>Total</b>		<b>8,406</b>	<b>7,227</b>	<b>6,349</b>	<b>5,643</b>

### 4. STAFF COSTS

#### 4.1 THE AVERAGE WEEKLY NUMBER OF PERMANENT EMPLOYEES (FULL TIME EQUIVALENT)

Category of Employment	2021	2020
Administration	125	113
Operations	181	171
<b>Total</b>	<b>306</b>	<b>284</b>

In addition, there were 36 temporary staff supporting works on the navigations, four agency staff and six student placements, were engaged to cover maternity leave and other staff absence.

#### 4.2 THE COSTS INCURRED IN RESPECT OF THESE EMPLOYEES WERE:

	Notes	€'000 2021	£'000 2021	€'000 2020	£'000 2020
Staff Costs		15,595	13,406	14,089	12,524
Agency Costs		224	192	296	263
Employers NIC/PRSI		1,570	1,350	1,409	1,251
Other pension costs: - Current Service and Interest costs	16.3	10,282	8,839	8,410	7,476
		27,671	23,787	24,204	21,514
Less Staff and Agency Costs Capitalised		(937)	(806)	(601)	(534)
<b>Total</b>		<b>26,734</b>	<b>22,981</b>	<b>23,603</b>	<b>20,980</b>

No employer pension contributions were made in the financial year.

Remuneration and pension interests of the Senior Management team along with the Salary bands for all employees earning in excess of €40,000 are disclosed in the Remuneration Report contained in the Annual Report 2021.

## 5. PROGRAMME COSTS

	Notes	€'000 2021	£'000 2021	€'000 2020	£'000 2020
Contracted in Services including construction costs		5,190	4,461	3,567	3,171
Vehicle Fuel		556	478	367	326
Plant Hire		604	519	389	346
Mechanical Spares and Equipment		817	702	797	708
Fuel and Light		93	80	111	99
Travel		254	218	194	172
Miscellaneous		356	306	330	293
<b>Total</b>		<b>7,870</b>	<b>6,764</b>	<b>5,755</b>	<b>5,115</b>

## 6. OTHER OPERATING COSTS

	Notes	€'000 2021	£'000 2021	€'000 2020	£'000 2020
Travel – Ireland		299	257	278	247
Recruitment costs		63	54	62	55
Training and Conferences		129	111	98	87
Contracted in Services		675	580	764	679
Compensation/ Provisions	13	685	589	3,799	3,377
Premises Running Costs including Utilities		703	604	670	596
Health and Safety		25	21	20	18
Communications		210	181	177	157
Other Operating Lease rental		18	15	14	12
Printing and Stationery		22	19	25	22
Computer Running Costs		1,047	900	908	807
Rent		292	251	275	244
Audit Fee – See Note		70	60	50	44
Marketing and Promotions		642	552	399	355
Insurance and Legal Fees		298	256	239	212
Pension Administrator costs		75	64	110	98
General Expenditure		68	59	64	57
<b>Total</b>		<b>5,321</b>	<b>4,573</b>	<b>7,952</b>	<b>7,067</b>

**Notes:** Annual audit fee is €63,107 (£53,000). An exchange rate loss from fluctuations on payments and accruals in year of €3,787 and an additional fee for 2020 of €2,888 (£2,450), total €6,677 an increase in the charge to €70,000 and when converted at average exchange rate is £60,000 sterling.

## ADDITIONAL DISCLOSURE

Travel & Subsistence	€'000
- Within the Island of Ireland	553
- Outside the Island of Ireland	0
Hospitality and Staff Wellbeing	€'000
- Staff Wellbeing Costs	42
Consultancy / Advisory Costs	€'000
- Asset Management Consultancy	32
- HR, Pensions and Legal Advice	159
- Marketing Branding Consultancy	197
- Development of Long-Term Plan	118
- Tax & Financial Advice	187
- Environmental Consultancy	74
Legal Costs	€'000
- Legal Fees – Property	181
- Legal Fees – Compensation cases	218
- Compensation payments	117

### 7.1 PROPERTY, PLANT AND EQUIPMENT – TANGIBLE ASSETS

	Surplus Assets €'000	Freehold Land and Buildings €'000	Plant, Vehicles and Machinery €'000	Computers, Furniture and Fittings €'000	Total €'000
<b>Cost or Valuation</b>					
At 01 January 2021	2,001	23,713	27,034	6,470	59,218
Additions	-	-	1,492	471	1,963
Revaluation	1,186	-	-	-	1,186
Disposal	(1,538)	-	(1)	(307)	(1,846)
At 31 December 2021	1,649	23,713	28,525	6,634	60,521
<b>Depreciation</b>					
At 01 January 2021	-	245	19,763	5,751	25,759
Provision for year	-	83	976	286	1,345
Disposals	-	-	(1)	(307)	(308)
At 31 December 2021	-	328	20,738	5,730	26,796
<b>Net Book Value €'000</b>					
At 31 December 2021	1,649	23,385	7,787	904	33,725
At 31 December 2020	2,001	23,468	7,271	719	33,459
<b>Net Book Value STG£'000</b>					
At 31 December 2021	1,385	19,640	6,540	759	28,324
Currency Translation Adjustment	89	1,397	444	47	1,977
At 31 December 2020	1,800	21,108	6,540	647	30,095

**Note:** A number of assets were revalued in year - see table below. The net movements in the Statement of Changes in Equity reflect an increase in net book value of €1,186,000. Computers, Furniture and Fittings include intangible assets such as software of €365,000. This is considered to be immaterial and not requiring separate disclosure in the notes. Currency translation adjustment is the difference between the Net Book Value of property, plant and equipment calculated using year-end exchange rates and their net book value stated at historic rates of exchange.

## 7.2 PROPERTY, PLANT AND EQUIPMENT – OPERATIONAL ASSETS AND WORK IN PROGRESS

	Work In Progress €'000	Operational Assets €'000 Restated	Total €'000 Restated
<b>Cost or Valuation</b>			
At 01 January 2021	5,688	1,451,793	1,457,481
Prior Year Adjustment	-	( 483,672)	( 483,672)
Restated at 1st January 2021	5,688	968,121	973,809
Additions	3,895	2,099	5,994
Capitalised from Work in Progress	(953)	953	-
Reclassified to Exp	(26)		(26)
Revaluation	-	27,821	27,821
At 31 December 2021	8,604	998,994	1,007,598
<b>Depreciation</b>			
At 01 January 2021	-	687,784	687,784
Prior Year Adjustment	-	( 203,722)	( 203,722)
Restated at 1st January 2021	-	484,062	484,062
Revaluation	-	( 42,252)	( 42,252)
Provision for year	-	9,164	9,164
At 31st December 2021	-	450,974	450,974
<b>Net Book Value €'000</b>			
At 31 December 2021	8,604	548,020	556,624
At 31st December 2020 Restated	5,688	484,059	489,747
At 31 December 2020	5,688	764,009	769,697
<b>Net Book Value STG£'000</b>			
At 31st December 2021	7,226	460,250	467,476
Currency Translation Adjustment	416	50,966	51,382
At 31st December 2020 Restated	5,116	435,384	440,500
At 31st December 2020	5,116	687,182	692,298

**Note:** Operational assets includes inherited assets and newly constructed assets. Included are assets of net book value €22,554,000 for which a part donation/grant from third parties has been received. A number of Operational assets were revalued in year - see Note 7.4 below. The net impact of these valuation movements on the Statement of Changes in Equity is an increase in net book value of €70,073,000. Currency translation adjustment is the difference between the Net Book Value of property, plant and equipment calculated using year-end exchange rates and their Net Book Value stated at historic rates of exchange.

### 7.3 PRIOR PERIOD ADJUSTMENT

Waterways Ireland have implemented a Prior Year Adjustment as outlined in the Internal Control Statement and Canal Policy. The impact applies to the earliest period covered in the financial statements. A reduction to the carrying value of Property, Plant & Equipment – Operational Assets and Work in Progress from €747,949,000 to €489,747,000. The adjustments relating to the canal assets are noted separately in the prior year adjustment figures. Canal asset prior year adjustment up to 2020 is €277,339,000 and the adjustment in 2020 is €2,610,000 resulting in a total reduction within the NBV for canal assets by €279,949,000.

#### Property, Plant and Equipment - Operational Assets and Work in Progress

	Cost €'000	Acc Depn €'000	NBV €'000
Opening Balance at 1st January 2020 as previously stated	1,445,950	(698,001)	747,949
Prior Year Adjustment	(477,479)	200,140	(277,339)
Opening Balance at 1st January 2020 as restated	968,471	(497,861)	470,610
Movement in 2020	11,531	10,216	21,747
Prior Year Adjustment for 2020	(6,193)	3,583	(2,610)
Opening Balance at 1st January 2021 as restated	973,809	(484,062)	489,747

A corresponding adjustment was made to the Capital Grant and Revaluation Reserve as all canal assets were held at valuation and so impacted on this reserve as below:

	€'000
Opening Balance at 1st January 2020 as previously stated	765,499
Prior Year Adjustment	(277,339)
Opening Balance at 1st January 2020 as restated	488,160
Movement in 2020	20,113
Prior Year Adjustment for 2020	(2,610)
Closing Balance at 31st December 2020 as restated	505,663

The income statement is adjusted for the element of amortisation relating to canal asset as shown in the table below:

	2020 €'000
Income Statement Prior Year Adjustment	
Release from Capital Grant/Donation/Grant Reserves as previously stated	11,941
Prior Year adjustments	(964)
Release from Capital Grant/Donation/Grant Reserves as restated	10,977

The income statement is adjusted for the element of depreciation relating to canal asset as shown in the table below:

	2020 €'000
Income Statement Prior Year Adjustment	
Depreciation as previously stated	11,369
Prior Year adjustments	(964)
Depreciation as restated	10,405

There was no net impact on the Operating Deficit in 2020 as a result of prior year adjustments.

#### 7.4 REVALUATIONS

	Net Book Value at 01.01.2021	Revaluation	Additions Disposals Other Movements 2021	Net Book Value at 31.12.2021
	€'000	€'000	€'000	€'000
Surplus Assets	2,001	1,186	(1,538)	1,649
Land and Buildings	23,468	-	(83)	23,385
Operational Assets	484,059	70,073	(6,112)	548,020
	<u>509,528</u>	<u>71,259</u>	<u>(7,733)</u>	<u>573,054</u>

**Note:** Assets established from joint works with third parties on Waterways Ireland's land are capitalised in the accounts on the completion of works at the project costs incurred by third parties and Waterways Ireland. These assets are reflected in the donation reserve and grant reserve.

#### 8. CASH AT BANK AND IN HAND

	€'000 2021	£'000 2021	€'000 2020	£'000 2020
Sterling Bank Account	300	252	330	297
Euro Bank Account	2,403	2,018	2,622	2,358
Euro Bank Reserve Account	4,840	4,065	4,293	3,861
Petty Cash	1	1	1	1
Total	<u>7,544</u>	<u>6,336</u>	<u>7,246</u>	<u>6,517</u>

#### 9. STOCKS

	€'000 2021	€'000 2021	€'000 2020	€'000 2020
Hardware	128	107	136	122
Timber	282	237	301	272
Fuel and Lubricants	34	29	29	26
Protective Clothing	68	57	77	69
Spare Parts and Filters	19	16	15	13
Smart Cards	16	13	9	8
Publications	16	13	18	16
Miscellaneous	11	9	12	11
Total	<u>574</u>	<u>481</u>	<u>597</u>	<u>537</u>



## 10. RECEIVABLES AND PREPAYMENTS

	€'000	£'000	€'000	£'000
	2021	2021	2020	2020
Amounts falling due within one year:				
Trade Receivables	316	265	439	395
Less: Provision for bad debt	(74)	(62)	(69)	(62)
Other Receivables	766	644	642	577
Prepayments	843	708	1,087	978
<b>Total</b>	<b>1,851</b>	<b>1,555</b>	<b>2,099</b>	<b>1,888</b>
Amounts falling due after one year:				
Prepayments	26	22	13	12
<b>Total</b>	<b>1,877</b>	<b>1,577</b>	<b>2,112</b>	<b>1,900</b>

## 11. PAYABLES AND ACCRUALS

	€'000	£'000	€'000	£'000
	2021	2021	2020	2020
Amounts falling due within one year:				
Trade Payables	2,011	1,689	1,318	1,185
Other Payables	1,261	1,058	1,979	1,785
VAT	12	10	77	70
Accruals and Deferred Income	2,275	1,910	2,994	2,693
<b>Total</b>	<b>5,559</b>	<b>4,667</b>	<b>6,368</b>	<b>5,733</b>
Amounts falling due after one year:				
Other Payables	672	564	603	537
Deferred Income	88	74	92	83
<b>Total</b>	<b>6,319</b>	<b>5,305</b>	<b>7,063</b>	<b>6,353</b>

**Note:** Restated amounts from Other Payables falling due within one year as bonds to the value of €672,000 (2020: €603,000) fall due after one year.

## 12. OTHER OPERATING LEASES

At 31 December 2021- future lease payments under non- cancellable operating leases for each of the following

	€'000 2021	€'000 2021	€'000 2020	€'000 2020
Leases which expire:				
	Land and Buildings	Other	Land and Buildings	Other
Within one year	244	-	264	-
Between two and five years	1,135	-	178	-
More than five years	1,099	-	1	-
	2,478	-	443	-

	£'000 2021	£'000 2021	£'000 2020	£'000 2020
Leases which expire:				
Within one year	210	-	235	-
Between two and five years	976	-	158	-
More than five years	945	-	1	-
	2,130	-	394	-

## 13. PROVISIONS

	Notes	€'000 2021	£'000 2021	€'000 2020	£'000 2020
At 1st January		7,169	6,448	4,045	3,438
Provision utilised in year		(297)	(255)	(675)	(600)
Provision in year	6	685	589	3,799	3,377
Difference on currency translation		-	(435)	-	233
At 31 December		7,557	6,347	7,169	6,448

**Note:** This provision represents a reliable estimate of probable settlements for legal cases against Waterways Ireland. The currency translation adjustment reflects the amount of the movement in the value of the provision for claims settlement which is attributable to the change in exchange rate over the year.

## 14. NOTES TO CASH FLOW STATEMENT

### 14.1 RECONCILIATION OF RESULT FOR THE YEAR TO NET CASH GENERATED FROM OPERATING ACTIVITIES

	€'000 2021	£'000 2021	€'000 2020 Restated	£'000 2020 Restated
Result for the year	(11)	(6)	(4,121)	(3,662)
Depreciation	10,509	9,034	10,405	9,249
Amortisation of Capital Grants	(10,509)	(9,034)	(10,977)	(9,757)
(Profit)/Loss on disposal of property, plant and equipment	1	1	571	508
Decrease/(Increase) in stock	23	20	77	70
Decrease/(Increase) in Receivables	235	197	(721)	(648)
(Decrease)/Increase in Payables	(744)	(625)	942	847
Provisions	388	326	3,124	2,810
Difference on currency translation rounding	(1)	(5)	-	(39)
<b>Net cash (utilised)/generated from operating activities</b>	<b>(109)</b>	<b>(92)</b>	<b>(700)</b>	<b>(622)</b>

**Note:** Currency translation adjustment reflects the amount of the movement in the value of current assets and liabilities which is attributable to the change in exchange rates.

### 14.2 RECONCILIATION OF NET CASH IN/ (OUT) FLOW TO MOVEMENT IN CASH AND CASH EQUIVALENTS

	€'000 2021	£'000 2021	€'000 2020	£'000 2020
Cash and cash equivalents at 1st January	7,246	6,517	5,509	4,682
Net cash inflow/(outflow)	298	(181)	1,737	1,562
Difference on currency translation	-	-	-	273
Cash and cash equivalents at 31 December	7,544	6,336	7,246	6,517
Net cash inflow/(outflow) from operating activities	(109)	(92)	(700)	(622)
Net cash inflow/(outflow) from non-operating activities	407	(89)	2,437	2,457
Net cash (outflow)/inflow	298	(181)	1,737	1,835

## 15. CAPITAL COMMITMENTS

Capital commitments at 31 December 2021:

	€'000 2021	£'000 2021	€'000 2020	£'000 2020
Contracted	1,428	1,199	2,257	2,030

**Note:** Formal approval on 2022 capital programme has been received.

## 16. PENSIONS

### 16.1 ACCOUNTING TREATMENT

FRS 102 requires financial statements to reflect, at fair value, the assets and liabilities arising from an employer's obligations and any related funding and to recognise the cost of providing superannuation benefits in the accounting period in which they are earned by employees.

The effect of FRS 102 is to recognise as expenditure in the year the cost of pensions earned rather than the payments made to pensioners, and a corresponding funding amount. In addition, the Balance Sheet recognises the cumulative liability for pensions earned by employees as at 31 December 2021 together with a corresponding asset.

The valuation used for FRS102 disclosures at 31 December 2021 has been carried out by a qualified independent actuary (Deloitte Total Reward and Benefits Limited). The results this year have been prepared by carrying out a full valuation of the Scheme's liabilities using membership data at the dates stated below:

- \* Active membership details as at 31 March 2021 renewal and further updates to salaries as provided by the Bodies in the data extract provided to Deloitte by the Bodies in the preparation of the senior management disclosures;
- \* The deferred and pensioner membership data for each Body has been provided by the Administrators as at 31 December 2021. The underlying membership data has been adjusted for any significant membership movements over the period to 31 December 2021; and
- \* Cashflow information to 31 December 2021 for the Scheme as provided by the Bodies in the data extract provided to Deloitte.

The principal actuarial assumptions used to calculate scheme liabilities under FRS 102 are:

At 31 December	2021	2020	2019	2018	2017
Discount rate Northern Ireland	1.85%	1.35%	2.10%	2.75%	2.50%
Discount rate Republic of Ireland	1.40%	0.80%	1.30%	2.15%	2.10%
Rate of increase in Consumer Price Index Northern Ireland	2.70%	2.20%	2.00%	2.15%	2.10%
Rate of increase in Consumer Price Index Republic of Ireland	1.85%	1.05%	1.15%	1.40%	1.65%
Rate of increase in salaries - Northern Ireland	2.70%	2.20%	2.00%	2.15%	2.10%
Rate of increase in salaries - Republic of Ireland	2.70%	2.20%	2.00%	2.15%	2.10%
Average rate of increase for pensions Northern Ireland in line with CPI	2.70%	2.20%	2.00%	2.15%	3.00%
Average rate of increase for pensions Republic of Ireland					
in line with salary increases	1.85%	1.05%	1.15%	1.40%	1.65%
in line with CPI	2.70%	2.20%	2.00%	2.15%	3.00%
Average expected future life at age 65 for					
Male currently aged 65	22.3	22.3	22	21.9	22.1
Female currently aged 65	24.6	24.6	23.9	23.8	23.9
Male currently aged 45	23.6	23.6	23.4	23.3	23.5
Female currently aged 45	26.1	26	25.4	25.4	25.4

### 16.2 MOVEMENT IN NET PENSION LIABILITY DURING THE FINANCIAL YEAR

	Notes	€'000 2021	£'000 2021	€'000 2020	£'000 2020
(Deficit) in the plan at the beginning of the year		(156,833)	(141,062)	(131,895)	(112,108)
Benefits paid during the year		2,993	2,573	2,638	2,345
Net transfer (in)/out of the scheme		190	163	(26)	(23)
Current service cost		(8,791)	(7,557)	(6,417)	(5,704)
Other finance (charge)		(1,491)	(1,282)	(1,993)	(1,772)
Actuarial gain/(loss)		(5,862)	(5,039)	(19,140)	(17,215)
Difference on currency translation		-	9,604	-	(6,585)
<b>(Deficit) in the plan at the end of the year</b>		<b>(169,794)</b>	<b>(142,600)</b>	<b>(156,833)</b>	<b>(141,062)</b>

	Notes	€'000 2021	£'000 2021	€'000 2020	£'000 2020
Experience gain/(loss)	16.5	(567)	(476)	(1,408)	(1,266)
Gain/(loss) due to currency movements		(2,728)	(2,291)	2,163	1,945
Gain/(loss) on change of financial assumptions		(2,763)	(2,320)	(19,005)	(17,094)
Gain/(loss) on change of demographic assumptions		196	165	(890)	(800)
<b>Actuarial gain/(loss)</b>		<b>(5,862)</b>	<b>(4,922)</b>	<b>(19,140)</b>	<b>(17,215)</b>

The main element of the actuarial loss of €5,862,000 relates to the increase in the value of the liabilities mainly as a result of the change in actuarial assumptions including an increase in the Northern and Southern discount rates (which results in an increase in the value of the liabilities). The impact of unfavourable currency movements, and experience losses arising from membership movements, changes to reflect the updated SPA for Southern alpha members and inflationary experience circa €457,000. The net impact of the change in actuarial assumption is an increase in the liabilities of circa €6,058,000 and offset by change in the demographic assumptions including mortality assumption has reduced the value of liabilities of circa €196,000. During the year employee contributions were received of €745,000 (2020: €654,000) which were remitted to DHLGH and Dfl on an 85:15 basis.

The currency translation adjustment reflects the amount of the movement in the value of the Net Pension Liability which is attributable to the change in exchange rate over the year.

### 16.3 INCOME AND EXPENDITURE ACCOUNT ANALYSIS FOR THE FINANCIAL YEAR:

	Notes	€'000 2021	£'000 2021	€'000 2020	£'000 2020
Current service cost		8,791	7,557	6,417	5,704
Other finance income		1,491	1,282	1,993	1,772
Benefits paid during the year		(2,993)	(2,573)	(2,638)	(2,345)
<b>Net deferred funding for pensions</b>	<b>3</b>	<b>7,289</b>	<b>6,266</b>	<b>5,772</b>	<b>5,131</b>
		€'000 2021	£'000 2021	€'000 2020	£'000 2020
Current service cost		8,791	7,557	6,417	5,704
Other finance income		1,491	1,282	1,993	1,772
<b>Current pension service costs</b>	<b>4</b>	<b>10,282</b>	<b>8,839</b>	<b>8,410</b>	<b>7,476</b>

#### 16.4 DEFERRED PENSION FUNDING

	Notes	€'000 2021	£'000 2021	€'000 2020	£'000 2020
At 01 January		156,833	141,062	131,895	112,108
(Decrease)/Increase in Deferred Funding of Pension Asset		12,961	11,142	24,938	22,167
Difference on currency translation		-	(9,604)	-	6,787
<b>At 31 December</b>		<b>169,794</b>	<b>142,600</b>	<b>156,833</b>	<b>141,062</b>

Waterways Ireland recognises an asset representing resources to be made available by the UK and Irish Exchequers for the unfunded deferred liability for pensions on the basis of a number of past events. These events include the statutory backing for the superannuation schemes, and the policy and practice in relation to funding public service pensions in both jurisdictions including the annual estimates process. While there is no formal agreement and therefore no guarantee regarding these specific amounts with the funding bodies, Waterways Ireland has no evidence that this funding policy will not continue to progressively meet this amount in accordance with current practice. The deferred funding asset for pensions as at 31 December 2021 amounted to €170m (2020 €157m).

The currency translation adjustment reflects the amount of the movement in the value of the Deferred Pension Funding which is attributable to the change in exchange rate over the year.

#### 16.5 HISTORY OF DEFINED BENEFIT LIABILITIES

	Notes	€'000 2021	€'000 2020	€'000 2019	€'000 2018	€'000 2017
Surplus/(Deficit) at 31 December		(169,794)	(156,833)	(131,895)	(112,443)	(111,703)
Experience gain/(loss)	16.2	(567)	(1,408)	1,882	(3,074)	8,108
Percentage of Scheme Liabilities		0.30%	0.90%	1.40%	2.70%	7.3%

	Notes	£'000 2021	£'000 2020	£'000 2019	£'000 2018	£'000 2017
Surplus/(Deficit) at 31 December		(142,600)	(141,062)	(112,108)	(100,855)	(99,115)
Experience gain/(loss)	16.2	(476)	(1,266)	1,600	(2,757)	7,194
Percentage of Scheme Liabilities		0.30%	0.90%	1.40%	2.70%	7.3%

#### 16.6 EMPLOYEES JOINING

In the event of staff joining Waterways Ireland with prior service in the Northern Ireland public sector, with funded/unfunded schemes a transfer value will be calculated by the Pension Administrator for Waterways Ireland and forwarded to the Department for Infrastructure. In relation to staff from Southern Ireland with prior public sector service and a funded scheme, the transfer value will be calculated by the Pension Administrator for Waterways Ireland and forwarded to the Department of Housing, Local Government and Heritage (DHLGH). In the case of Irish unfunded public service pension scheme, the liability for the prior Irish public service remains with the Irish exchequer until it is discharged.

Transfer values for non-public service funded schemes will be split and apportioned by the Pension Administrator and the transfer value will be passed via Waterways Ireland to both Departments. There was one transfer in to the scheme in the year totalling €19,000.

## 16.7 EMPLOYEES LEAVING

In the event of staff leaving Waterways Ireland the service in Waterways Ireland, is funded by DfI at 15% and DHLGH at 85% of the amount to be transferred. If there is prior public sector service as outlined above the transfer value will be funded by the relevant jurisdiction in its entirety (other than Irish unfunded public service pension scheme). There were three transfers out of the scheme in the year totalling €207,000.

## 16.8 PENSION ARRANGEMENTS - GENERAL DESCRIPTION OF THE SCHEME

The pension scheme consists of a number of sections with different benefit structures. The main sections of the pension schemes currently are outlined below. The pension scheme is impacted by the McCloud Ruling, therefore it is anticipated that with effect from 1 April 2022, members of the N/SPS Core Final Salary section and Reserved Rights PCSPS(NI) section ("the legacy schemes") will automatically move to the N/SPS alpha scheme. A consultation on the changes is currently in progress and the relevant legislation to confirm the changes on removing discrimination from transitional protection arrangements in NI unfunded public service pension schemes will emerge after the consultation.

### The Core Final Salary Section

This is a final salary pension arrangement with benefits modelled on the Classic section of the Principal Civil Service Pension Scheme in Northern Ireland. The scheme provides a pension (eightieths per year of service), a gratuity or lump sum (three eightieths per year of service) and spouse's and children's pensions. Normal Retirement Age is a member's 60th birthday. Pensions in payment (and deferment) increase in line with general price inflation.

### The Core Alpha Section

This is a career averaged revalued earnings pension arrangement or CARE scheme with benefits modelled on the alpha section of the Principal Civil Service Pension Scheme in Northern Ireland. The scheme provides a pension based on a percentage (2.32%) of pensionable pay for each year of active membership (the pension is increased/decreased at the start of each scheme year in line with general price inflation) and spouse's and children's pensions. Normal Retirement Age is a member's State Pension Age ("SPA") in the relevant jurisdiction, which is currently 66. The Government is planning further increases, which will raise the SPA from 66 to 67 between 2026 and 2028. Under the current law, the State Pension age will increase to 68 between 2044 and 2046. The State Pension Age in Ireland is currently 66. The State pension age in Ireland was due to rise to 67 from 1 January 2021 and then 68 from 1 January 2028 however, the government has deferred this change and a Pensions Commission has been established to consider the change to the State pension age, among other issues such as sustainability and intergenerational fairness. Pensions in payment (and deferment) increase in line with general price inflation.

### Reserved Rights Sections

These are a number of sections of the scheme that are modelled on the Irish public service pension schemes that employees of the North/South Bodies were members of at the point they were designated and transferred at the formation of the Bodies. These schemes are final salary pension arrangements with benefits the same as the relevant Irish public sector scheme e.g., Superannuation Scheme for Established Civil Servants. These schemes provide a pension (for non-integrated members eightieths per year of service but for integrated members two-hundredths per year of service on salary up to 3.333 times the Old Age Contributory State Pension and eightieths per year of service on salary above 3.333 times the Old Age Contributory State Pension), a gratuity or lump sum (three eightieths per year of service) and spouse's and children's pensions. In December 2018, DPER notified Bodies to apply the increase in the compulsory retirement age to 70 as set out in the Public Service Superannuation (Age of Retirement) Bill 2018 on an administrative basis. Pensions in payment (and deferment) generally increase in line with general public sector salary inflation. The applicable Reserved Rights Scheme for Waterways Ireland in the South is both the, Non-Contributory Pension Scheme for Non-Established State Employees and the Superannuation Scheme for Established Civil Servants. In Northern Ireland, the relevant scheme is the Principal Civil Service Pension Scheme NI. Most Core section members have benefits in both the Final Salary and Alpha sections and new entrants who join the Scheme after 1st April 2015 will, in most cases, become members of the Core Alpha section.

The valuation used for FRS 102 disclosures at 31 December 2021 has been carried out by a qualified independent actuary (Deloitte). The results this year have been prepared by carrying out a full valuation of the Scheme's liabilities using membership data at the dates outlined in note 16.1 at 31 December 2021.

## 17. CONTINGENT LIABILITIES

The contingent liability of Waterways Ireland at 31 December 2021 is €2,736,000, (2020 €2,236,000) The contingent liability cases are:

\* Land was compulsory purchased by Waterways Ireland, the amounts represent reasonable costs including legal fees and claims for compensation are not time bound.

\* As part of a compulsory purchase order an agricultural watermain was subsequently provided to supply drinking water to livestock for the benefit of various adjoining landowners in Leitrim. Various issues have arisen including who is responsible for the charges for the water supply to the various landowners and the liability regarding the repair and maintenance of the water-main which is leaking. Discussions are ongoing and the costs reflected in this case are to cover the cost of replacing the watermain. The value is Waterways Ireland best estimate and there is no possibility for reimbursement.

Based on past experience and calculated at 60% of the best estimate, the contingent liability on the above totals €236,000.

Two employment tribunal cases in the cases of McCloud and Sargeant were brought against the UK Government in relation to possible discrimination in the implementation of transitional protection following changes made to public service pension scheme legislation in the UK in 2015.

In December 2018, the Court of Appeal ruled that the transitional protections gave rise to unlawful discrimination on the basis of age. The UK Government requested leave to appeal this decision to the Supreme Court, however the request was denied on 27 June 2019.

Following consultation by the Department of Finance (NI), relevant legislation confirming Prospective Remedy Changes was introduced for the Northern Ireland Civil Service Pension Scheme. The CEO Pension Committee also consulted on applying similar changes to N/SPS members, following which the Committee agreed with officials in the Department of Finance (NI) and the Department of Public Expenditure and Reform to amend the N/SPS rules accordingly for approval by the North/South Ministerial Council.

No provision has been made in the accounts for the McCloud/Sargeant judgment. We estimate that any compensation payable by Waterways Ireland will be up to €2,500,000 as at 31 December 2021. (2020 - €2,000,000).

## 18. PERFORMANCE AGAINST KEY FINANCIAL TARGETS

Annual business plans are presented to North South Ministerial Council and approved. The financial targets set for Waterways Ireland by the Sponsor Departments and DPER and DoF is that spend is to be maintained within budget limits. This was achieved. Non-financial targets were also set and are reported in Part 3 of the Annual Report.

Waterways Ireland's 2021 Business Plan was retrospectively approved by the Sponsor Departments, Finance Departments and the North South Ministerial Council (NSMC) in December 2021.

DfI implemented contingency arrangements, put in place by DoF to enable the payment of funding to Waterways Ireland in 2021.

## 19. RELATED PARTY TRANSACTIONS

Waterways Ireland is a cross border implementation Body sponsored by DHLGH and DfI. These Departments are regarded as related parties and during the year, Waterways Ireland was principally funded by these departments and had various transactions with them. Waterways Ireland has procedures in place to manage conflicts of interest and these were compiled within the period under review.

None of the members of the key management staff or Audit Committee members of Waterways Ireland or their related parties has undertaken any material transactions with Waterways Ireland during the financial year 01 January 2021 – 31 December 2021.



## 20. LOSSES REGISTER

A Losses Register is maintained by Waterways Ireland. Losses recorded during the year amounted to €332,000 (2020 €649,000) and have been incorporated within these accounts where the cost relates to this financial year.

	2021	2020 Restated
Losses Statement	€	€
Compensation Payment - Public Liability Claims	226,584	208,356
Employee Liability Claims	31,792	328,141
Fruitless Payment - mainly Revenue Late Payment and Penalties	-	1,236
Constructive Loss	-	-
Late Payment of Debt	1,838	6,119
Exchange rate Losses	51,149	45,529
Special Payments - Ex Gratia	13,292	-
Stores and Plant Losses	6,983	37,003
Redundancy Payments	-	20,756
Abandoned Claims	-	1,650
Total	331,639	648,790

Employee liability claims in 2021 relates to an employee claim settled in 2019 but ongoing legal fees being settled, 2020 relate to three employees involved in workplace incidents and the payment of legal fees for an employee case settled in 2019. 2020 figures restated to include new category on Exchange rate losses as required in the Financial Memorandum.

## 21. FINANCIAL INSTRUMENTS, LIQUIDITY, INTEREST RATE AND FOREIGN CURRENCY RISK

### 21.1 FINANCIAL INSTRUMENTS

Due to the non-trading nature of its activities and the way Waterways Ireland is financed, it is not exposed to the degree of financial risk faced by business entities. The Financial Memorandum permits Waterways Ireland to borrow subject to the prior approval of the Sponsor Departments and the Finance Departments, which has not been sought. The financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing Waterways Ireland in undertaking its activities. Financial instruments mainly consist of cash, receivables and payables.

### 21.2 LIQUIDITY, INTEREST RATE AND FOREIGN CURRENCY RISK

Waterways Ireland's net revenue resource requirements are financed by resources voted annually by the Northern Ireland Assembly and Dáil Éireann, as is its capital expenditure. It is not therefore exposed to significant liquidity risks. Waterways Ireland does not access funds from commercial sources and so is not exposed to significant interest rate risk.

Waterways Ireland's transactions are effected in the currencies of each part of Ireland, with recorded gains and losses being taken to the Statement of Comprehensive Income and Income Statement, facing significant exchange rate uncertainty.

## 22. EVENTS AFTER THE REPORTING PERIOD

There are no events to report after the reporting date.

The Annual Report and Accounts for the year ended 31 December 2021 were authorised to be issued on 26th October 2023 by the Accounting Officer.

## ACCOUNTS DIRECTION WATERWAYS IRELAND

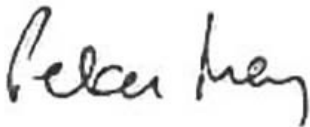
ACCOUNTS DIRECTION GIVEN BY THE NORTHERN IRELAND DEPARTMENT FOR INFRASTRUCTURE, THE IRISH DEPARTMENT OF CULTURE, HERITAGE, AND THE GAELTACHT WITH THE APPROVAL OF THE FINANCE DEPARTMENTS, IN ACCORDANCE WITH THE NORTH/SOUTH CO-OPERATION (IMPLEMENTATION BODIES) (NORTHERN IRELAND) ORDER 1999 AND THE BRITISH-IRISH AGREEMENT ACT 1999.

The annual accounts shall give a true and fair view of the Income and Expenditure and cash flows for the financial year, and the state of affairs as at the year end. Subject to this requirement, the body shall prepare accounts for the financial year ended 31 December 2017 and subsequent financial years in accordance with:

- a. The North/South Implementation Bodies Annual Reports and Accounts Guidance;
- b. Other guidance which Finance Departments may issue from time to time in respect of accounts which are required to give a true and fair view;
- c. Any other specific disclosures required by Sponsoring Departments;

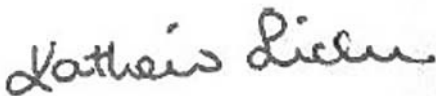
except where agreed otherwise with Finance Departments, in which case the exception shall be described in the notes to the accounts.

Signed by authority of the  
Department for Infrastructure



Name: Peter May (Permanent Secretary)  
29 June 2018

Signed by authority of the Department of Housing, Local Government and  
Heritage



Name: Kathleen Licken (Secretary General)  
28 June 2018



**Head Office**  
2 Sligo Road  
Enniskillen  
Co. Fermanagh  
BT74 7JY

**T:** 028 6632 3004  
**T:** [info@waterwaysireland.org](mailto:info@waterwaysireland.org)  
 [@waterwaysireland](https://twitter.com/waterwaysireland)  
 [waterwaysireland](https://www.facebook.com/waterwaysireland)  
[www.waterwaysireland.org](http://www.waterwaysireland.org)