

ANNUAL REPORT AND ACCOUNTS 2022

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CHIEF EXECUTIVE REVIEW

2022 has been another significant year for Waterways Ireland. It has been a year of transition where hybrid working has been introduced throughout the organisation; a year where we were able to welcome Uachtaran na hEireann to our HQ in Enniskillen and Taoiseach Micheál Martin to unveil our largest project ever; and a year where clear strategic direction for the next ten years has been set out in our inaugural Long-term Strategy.

Waterways Ireland remained focused on our three Strategic Challenges.

- 1. Increase leadership and organisational capacity** – We continue to build for the future. Our organisation is more stable in the short term albeit we recognise and have advocated for a comprehensive Organisation Review to determine a fit-for-purpose organisation capable of delivering future strategies. This is one of our critical initiatives in 2023 and we have worked assiduously with our Sponsor Departments to commence this exercise.
- 2. Improve governance, risk and control gaps** – There is a programme of improvement ongoing in Risk Management Practices including the

introduction of a new Risk Management System and Risk Management Training being delivered to the Senior Management Team and all Risk Owners.

- 3. Develop a strategic 10-year long term plan** – Our planning cycle in 2023 will be the first opportunity for the Body to integrate short (Business Plan 2023), medium (Corporate Plan 2023-2025), and long-term plans (10-year Plan). Our 10-year Plan was issued for public consultation in 2023. We welcomed all engagement and consultation on this inaugural plan.

It is always important to also look back and reflect, so here is a little more detail on some of our key achievements from 2022.

In February, we were honoured to welcome President Michael D. Higgins and his wife, Sabina Higgins to headquarters in Enniskillen. During their visit they were briefed on the organisation's work. President Higgins made a short inspiring speech to address all staff. I have to say welcoming President Higgins was a momentous occasion for Waterways Ireland and an occasion all of us will remember for some time.

Also, in February we launched 'Waterways Through Time' a podcast series developed and delivered by well-known historian and author Turtle Bunbury. The fascinating eight-part series takes the listener through the history and archaeology of Ireland's waterways. Enjoy it on our Archives website.

2022 was a huge year for progression of our Blueways and Greenways.

March marked the first Anniversary of the rural stretch of the Royal Canal Greenway. In its first year we recorded 640,000 visits creating value of €17 million for a project costing €12m.

In April the Greenway was awarded Best Tourism Initiative at the 2022 LAMA Awards. We continue to work collaboratively with our local authority partners to promote and market the attractions of Ireland's longest greenway.

The fully developed Royal Canal Greenway will stretch 150 kilometres to Spencer Dock in Dublin City. 90% of the greenway is now completed and with our partners we are focused on developing

most of the remaining metro stretch in 2023 and 2024.

The Grand Canal Greenway is also progressing well with approx. 55km of greenway complete. We have some further work to secure funding with our partners to deliver the remaining 70 kilometres.

And Waterways Ireland's 36 kilometres from Lowtown to Athy as part of the Barrow Blueway will be completed by end of February 2023.

And staying on Blueways, in April we celebrated the world's first Blueway accreditation of the Boyne Blueway, Suir Blueway, and Lough Derg Blueway. Blueways positively change the relationship between local communities and their waterscape by creating active engagement and participation.

2022 was a big year for the Ulster Canal restoration project. In July we signed the €20m contract for Phase 2 between Clones and Clonfad, Co. Monaghan, funded by the Department of Housing, Local Government and Heritage; the Rural Regeneration & Development Fund; and Shared Island Funds. And in August the commencement of construction works was celebrated by the unveiling of a foundation stone by Taoiseach Micheál Martin. As the Taoiseach put it "The Ulster Canal restoration is a cross border project in its truest sense and will be transformative for this region."

In November our 10 Year Plan, alongside our 3-year Corporate Plan and Annual Business Plan were shared for consideration with our Sponsor Departments. A unique opportunity to align our planning over short, medium, and long-term horizons.

In 2022 we also officially adopted and progressed implementation of our Climate Action Plan. The plan sets out the vision for how Waterways Ireland will achieve its key climate action targets by 2032. Most importantly, it is being operationalised across the organisation and will start to deliver benefits in 2023.

This year our activity level, current and capital funding was €50m -the highest level of single year expenditure in the Body's history. This increased funding has enabled organisation wide growth in terms of employee headcount, greater

collaboration opportunities, and the delivery of a wide range of innovative and exciting projects over the past 12 months.

I am proud of the successes achieved by Waterways Ireland in 2022. Success depends primarily on the passion, enthusiasm, and inherent capabilities of the team in Waterways Ireland – all working collaboratively with multi-partners – and supporting each other to achieve our collective goals. I would like to acknowledge and thank our team for their commitment throughout 2022.

I would like to acknowledge and thank our Ministers and Sponsor Department officials, our customers, strategic partners, local authorities, contractors, and suppliers for their continued support throughout 2022.

I am looking forward to the next 12 months as we build on our progress to date and commence execution of our 10-year Long Term Plan.

John McDonagh
Chief Executive
31st March 2023





1

WATERWAYS IRELAND

- About Waterways Ireland
- Organisational Structure
- Senior Management Team
- Corporate Governance

ABOUT WATERWAYS IRELAND

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.

We are the cross-border navigational authority responsible for the management, maintenance, development, and restoration of almost 1,100 km of inland navigational waterways and over 600 km of Greenways and Blueways, principally for recreational purposes.

Our Headquarters is in Enniskillen Co. Fermanagh, with regional offices in Dublin, Carrick-on Shannon, Co. Leitrim, and Scarriff, Co. Clare.

We employ 350 permanent staff located at offices and sites close to the inland waterways who are assisted by a team of seasonally recruited staff reflecting the seasonality of the organisations remit.

“... statutory function is to manage, maintain, develop and restore specified inland navigable waterways, principally for recreational purposes.”

WHAT WE DO

Waterways Ireland is the navigation authority for almost 1,100 km of navigable inland waterways, comprising:

- Lower Bann Navigation
- Erne System
- Shannon-Erne Waterway
- Shannon Navigation
- Royal Canal
- Grand Canal
- Barrow Navigation
- Ulster Canal

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, its management, maintenance, and development, principally for recreational purposes, to Waterways Ireland's remit.

At an operational level, Waterways Ireland is responsible for a vast range of infrastructure assets including 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 this infrastructure is estimated at €1 billion.

Waterways Ireland's work programmes are critical to providing a safe and high-quality recreational environment for customers, whilst preserving the industrial and environmental heritage of the waterways for future generations.

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).

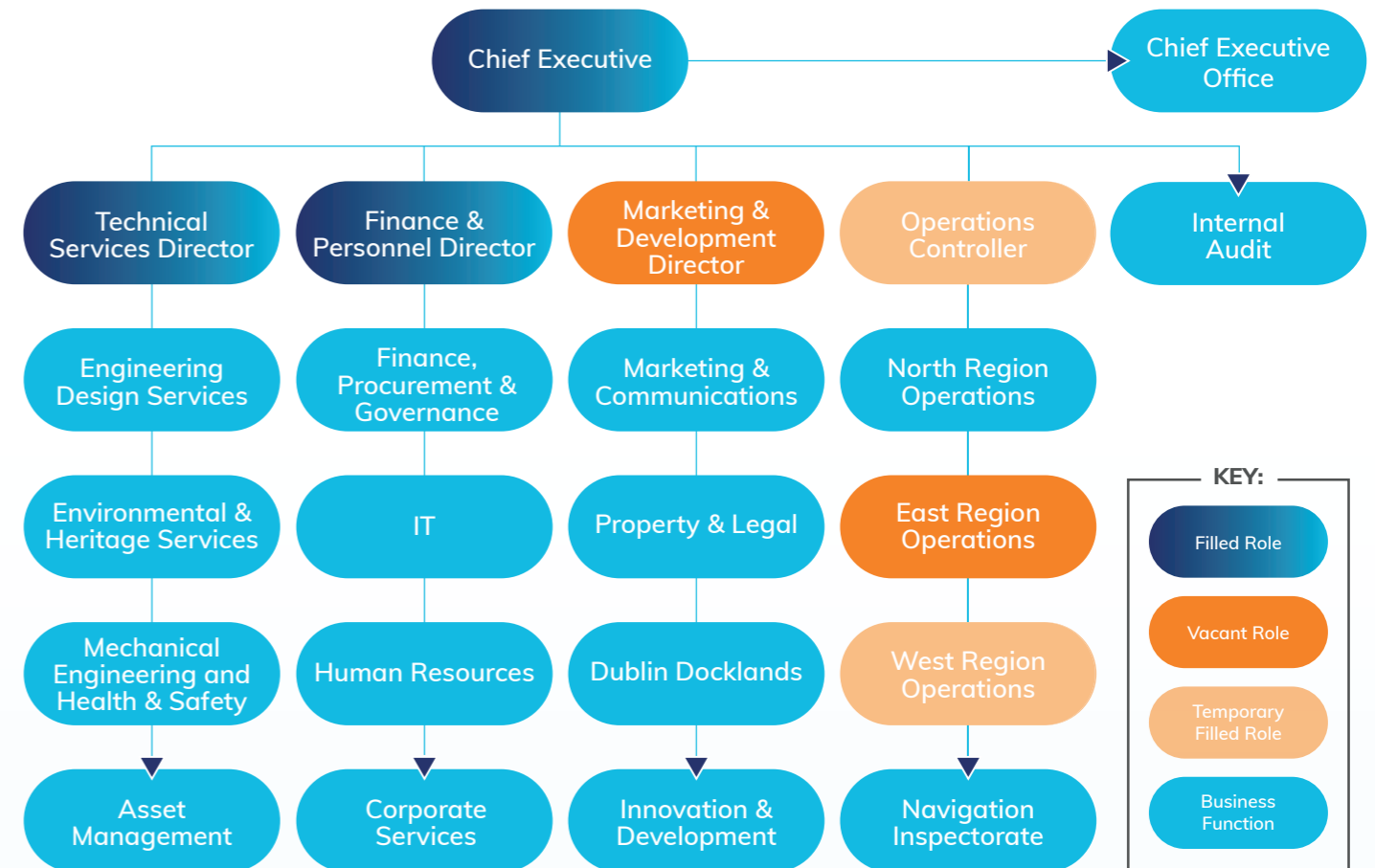
Funding is provided by grants from money voted by the Northern Ireland Assembly and the Houses of the Oireachtas. 15% of recurrent or maintenance funding is provided by the Northern Ireland Assembly, and 85% by the Irish Government, this reflecting the current distribution of waterways in each jurisdiction. 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 Northern Ireland 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.



OUR ORGANISATIONAL STRUCTURE



Staff Numbers*	Finance & Personnel Directorate	Marketing & Business Development Directorate	Technical Services Directorate	Operations Directorate	Chief Executive Office	TOTAL
Professional, Technical and Administration Staff	39.37	22.35	31.79	38.62	5.79	137.92
Operations Staff		1	10	200.06		211.06
Total	39.37	23.35	41.79	238.68	5.79	348.98

* Staff numbers as of the 31st December 2022

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	Vacant role
Operations Controller	Éanna Rowe
Director of Technical Services	Joe McMahon
Eastern Regional Manager	Vacant role
Northern Regional Manager	Garret McGrath
Western Regional Manager	Brian Treacy

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Email: info@waterwaysireland.org

Website: www.waterwaysireland.org

CORPORATE GOVERNANCE

Waterways Ireland is committed in all 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; the Operations Controller; and three Regional Managers from Northern, Western and Eastern regions of operations. The Senior Management Team meet monthly 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 2022.



Royal Canal Greenway

AUDIT COMMITTEE

The Audit Committee met four times in 2022. 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.

EQUALITY AND DISABILITY

In 2022, Waterways Ireland developed Equality and Disability Action Plans 2023 - 2025.

The Waterways Ireland Equality Action Plan has four key themes identified. The plan will build on existing equality work undertaken by Waterways Ireland and will assist in meeting future equality requirements. 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 provides a strategic framework to address the attitudinal and environmental barriers to the full and effective participation of people with disabilities in public life. Ensuring participation by all will be at the heart of policy and decision-making within our organisation.

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

OUR OPERATING ENVIRONMENT

EXTERNAL CONTEXT

Waterways Ireland has experienced increased costs associated with supply shortages; longer supply chain cycles; and escalating energy costs. These have been particularly impactful on construction and maintenance projects which represent the bulk of Waterways Ireland's programme of activities. Our expenditure budgets have been severely tested to deliver continued value given the pressures on costs from these external factors. In financial terms our incremental current funding growth in 2022 has been consumed by increasing inflationary pressures with particularly high increases in utilities and construction materials.

Delivering capital projects within budget has been a challenge as input costs continued to rise throughout 2022. Additionally, the market of third-party suppliers and contractors has diminished, and an unwelcome feature of procurement has been a reduction in suppliers and contractors submitting bids for tenders.

In the short-term, Governments are formulating policies to address the immediate impact of cost-of-living increases on the public. Uncertainty pervades our financial planning, and we envisage continuing high inflationary pressures throughout 2023 and 2024.

The outlook for tourism in 2023 is optimistic with a high level of confidence. Tourist numbers are forecast to return to 2019 levels by 2025. Users of our off-water Greenways and Blueways could also grow as they did during the COVID19 pandemic with the public embracing healthy pursuits in the open air for free.

Despite the impact of war and its collateral effects on energy costs and cost of living there is an overriding threat with a global footprint gaining traction. It is climate change. Throughout 2022 there have been a series of demonstrable events involving flooding; drought; famine; fires; and devastation across many parts of the world. Whilst our geographical location and temperate climate may presently soften the impact somewhat, we have also as a populace and as individuals noted climate changes on the island of Ireland during 2022.

As a navigation authority managing a precious resource, we must accelerate the actions identified within our Climate Action Plan launched in 2022. That acceleration needs to encompass an updated Water Management Strategy. Our financial and human resource allocation on policies supporting sustainability, climate action, biodiversity and heritage will reflect a shift in emphasis over the duration of Corporate Plan 2023-2025.

INTERNAL CONTEXT

Our ambition is to be an exemplar amongst state agencies in the areas of custodianship, collaboration, and re-imagining our assets. The delivery of our long-term strategic plan for Waterways Ireland is critical to realisation of our ambition.

The key to successful delivery and fulfilment of our potential as an exemplar among state agencies is to accentuate and improve 'good capabilities' and minimise or reduce 'low value adding activities'. Having stabilised the organisation during 2022 and 2021 we have developed a track record of project delivery which in turn has led to increased funding; headcount growth; and more projects. Ironically, having achieved this reputation we encountered in early 2022 the growing pains associated with scaling up:

- (a) COVID19 fatigue.
- (b) over ninety capital projects with many of low value.
- (c) gaps in specialist skillsets such as ecology, project, and programme management capabilities.
- (d) delayed approvals to address leadership capacity gaps and organisational resources.

Whilst this led to a more reactive approach to project delivery during 2022 the learnings will support our continued growth in future years. These learnings have been matched with continued deployment of specialist skillsets and capabilities.

It is therefore timely we are launching and integrating our long, medium, and short-term planning from 2023 onwards.



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OUR STRATEGY

- Our Operating Environment
- Our Strategy
- Our Strategic Priorities
- Stakeholder Engagement

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 Plan we intend to be more ambitious and identify a growth platform to add more socio-economic value to Ireland and Northern Ireland.

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 need 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.

OUR STRATEGIC PRIORITIES

STRATEGIC THEMES

To realise our Vision, we had identified five strategic priorities outlined in our Corporate Plan 2020-2022 whilst work continued separately with the development of our 10 Year 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 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 licenses 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.

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

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 2022. Our interaction with private sector organisations continued to develop in 2022, 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 2022 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.



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 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.



TRANSFORMATIONAL PROJECTS 2022

We have highlighted a selection of Transformational projects delivered in 2022.

ULSTER CANAL RESTORATION

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, to Waterways Ireland's remit.

Phase 1, a 2.5km stretch along the River Finn from Upper Lough Erne to the International Scout Centre at Castle Saunderson, Co Cavan was completed in 2018.

Phase 2 is a 1 km stretch between Clones and Clonfad in Co Monaghan. Construction of this phase has commenced. The occasion was marked with the unveiling of a foundation stone by An Taoiseach Micheál Martin TD in August 2022. This phase will include 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. Funding for Phase 2 is secured, and it is expected the works will be substantively completed in 2023.

Phase 3 will be divided into two work streams. Phases 3.1, 3.2, and 3.4 are all in Northern Ireland and their planning permission is extant. Phase 3.3 is in Ireland and a new planning application will be submitted as the present grant of planning will expire in May 2023.

"The Ulster Canal restoration is a cross-border project and will be transformative for the areas it flows through and beyond." Joe McMahon, Director of Technical Services.

CLIMATE ACTION AND SUSTAINABILITY

Waterways Ireland officially adopted our Climate Action Plan in 2022. The plan sets out the vision for how Waterways Ireland will achieve its key climate action targets by 2032. It also looks at

Waterways Ireland's long-term ambition to be a net zero organisation by 2050. Following extensive engagement with staff and other stakeholders, the plan details the seven integrated objectives - linked to the UN Sustainable Development Goals - that Waterways Ireland has identified as being essential to delivering on its climate ambitions.

Environmental regulation is a responsibility which Waterways Ireland is very cognisant of and is committing resources to ensure we lead by example. Research on how we advance sustainable water management is also underway through initiatives like the collaborative EU Green WIN project. We are proactively investigating new systems and technologies to manage this valuable natural resource and how it supports waterways as ecological, recreational and wellbeing corridors.

Environmental factors are at the forefront in how Waterways Ireland sustainably manage our inland waterways. Throughout 2022 Waterways Ireland has undertaken the following, including but not limited to:

- Preparation of a submission to the planning authorities for the Barrow Navigation Maintenance Programme. As this waterway is wholly contained within a Special Area of Conservation we are required to comply with relevant EU and National legislation to protect this biodiversity resource. Similar work is underway for the Shannon Navigation. Waterways Ireland is the first public sector authority to undertake such an exercise, highlighting our role in developing best practice.
- The in-house Ecology Team and external Ecological Clerk of Works ensure stringent oversight of maintenance works progressed to ensure Waterways Ireland fulfils its statutory remit.
- Ensuring the future protection of our assets and heritage sites by commissioning an innovative Climate Resilience Study which will prioritise sites most at risk from climate change and allow for strategic investment decisions.

3

PERFORMANCE REVIEW

- Transformational Projects 2022

- The very act of managing our navigations results in the emission of Green House Gases. To ameliorate this impact and maximise the lifecycle of our plant and fleet, Waterways Ireland conducted a Hydrogenated Vegetable Oil trial on the Grand Canal Barrow Line and Barrow Navigation, migrating all diesel vehicles to this alternative fuel source. This resulted in a 90% reduction in emissions for these navigations.

SHANNON TOURISM MASTERPLAN

The Shannon Tourism Master Plan 2020 to 2030 has been developed with our strategic partner Fáilte Ireland in collaboration with the ten Local Authorities adjoining the River Shannon and Shannon-erne Waterway.

The Masterplan is already delivering on the ambition to reposition the Shannon and SEW as a key tourism destination within Ireland's Hidden Heartlands.

Much progress has been made across 4 key areas of Masterplan Implementation. Management and implementation structures have been established and strengthened, Product Level planning at a local level has been initiated, investment in waterway and waterside infrastructure has significantly increased and promotion of the Shannon and the SEW as well as their product offering has expanded both domestically and internationally.

Examples of the progress include Regional Destination Development Management Structures, Project Level Plans for many towns and villages along the waterways including Killaloe/Ballina, Banagher, Cloondara/Termonbarry, and Drumshanbo. Investment in new visitor infrastructure includes the Meelick Weir Walkway, new and upgraded moorings at various locations and a new slipway at Athlone. The Shannon and Shannon-erne Waterways featured heavily in both domestic and international TV, Press and Media Campaigns by both Fáilte Ireland and Tourism Ireland.

“The plan provides strategic direction and a growth pathway for the next 10 years for tourism along the Shannon and Shannon-erne Waterway. The plan is an exemplar of a collaborative approach, and one Waterways Ireland will use to produce developmental plans for our other navigations” Éanna Rowe, Operations Controller.

BLUEWAY ACCREDITATION

Blueways are a brand-new outdoor recreation amenity providing best-in-class destinations for water-based and water-side activities. They positively change the relationship between local communities and their waterscape by creating active engagement and participation, as well as business opportunities which local communities and tourists can enjoy.

The first three Blueways that received the accreditation in April 2022 were the Boyne Blueway, Trim Co. Meath; Suir Blueway Tipperary; and our own Lough Derg Blueway in counties Tipperary, Clare, and Galway.

The Lough Derg Blueway was developed by Waterways Ireland and the three Local Authorities in line with the accreditation criteria, set out by The Blueways Ireland Group and are now considered best-in-class destinations for water-based and water-side activities.

The continued investment and collaboration between Waterways Ireland and our stakeholders across Government, local authorities, recreational bodies, local communities, and others is delivering Blueways across both Jurisdictions that are benefiting all.

“Blueways positively change the relationship between local communities and their waterscape by creating active engagement and participation, as well as business opportunities which local communities and tourists can all enjoy.” Garret McGrath Interim Eastern Regional Manager.

ROYAL CANAL GREENWAY 1ST ANNIVERSARY

The Royal Canal Greenway celebrated its first anniversary in March 2022.

The 130km Greenway developed in partnership with the four Local Authorities in Kildare, Meath, Westmeath, and Longford was made possible through €12 million funding primarily from the Department of Transport.

Visitor monitoring by Tracsis Traffic Data Ltd found that the amenity has created value of €17.2m to the communities in its first year of operation, returning the initial investment in the project in just over eight months.

The Royal Canal Greenway visitor monitoring project highlighted the importance of establishing how Waterways Ireland's assets are performing. With a complex network of waterways, it is necessary to understand the context, opportunities, resources, and benefits of adopting a strategic and future-proofed approach to counting and reporting on usage, to inform decision-making.

An Overall Strategic Approach to Visitor Monitoring has been commissioned across the waterway network, aligning with best practice while considering emerging technologies. Analysis of visitor counters continues to show increased activity along our tow paths and trails.

Greenways and Blueways are becoming commonplace across Ireland because they deliver economic impact, job creation, as well as social, health and wellbeing benefits to the regions through which they pass. Waterways Ireland endeavour to deliver high quality products that promote healthier and more balanced ways of life while supporting active tourism and local employment.

ASSET MANAGEMENT

Implementation of the Asset Management Improvement Programme (AMIP) continued throughout 2022. 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 included further development of the asset management system and process framework. Regular meetings of our Asset Management System Governance Committee and Working Group continued throughout 2022.

A key aspect of the work within the AMIP is the accelerated asset inspection programme to determine the asset base and condition and the development of the lifecycle value models using inspection data to support decision making.

Following an investment of €1.3 million in 2021, a further budget of €1.6 million was secured in 2022 to embark on a programme of fleet and plant replacement.

This programme served to 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. This resulted 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.

Several electric and hybrid vehicles were procured as part of the replacement programme in compliance with environmental legislation and directives relating to the procurement of greener fleet to reduce the organisational carbon footprint.

RISK MANAGEMENT

In 2022, the Senior Management Team engaged in several Workshops to assess the nature and extent of the principal risks that Waterways Ireland are exposed to and are willing to take to achieve its objectives.

The Organisation's Risk Management Framework harnesses the activities that identify and manage uncertainty, allowing Waterways Ireland to take balanced risks and opportunities. By redefining and determining the Organisation's Risk Appetite and Tolerance levels, resources will be prioritised and allocated to support the management of risks to achieve objectives. The enhanced Risk Management Framework will be implemented into day-to-day operations and is an integral tool for governance and corporate management.

The Senior Management Team have redefined the Risk Categories, Appetite, and Tolerance levels to ensure the escalation of risk is effective within the Organisation.

“We have strengthened our risk processes to ensure confidence in our response to risks and to prepare adequately for the potential of future disruption.” Linda Megahey, Director of Finance, IT, HR & Corporate Services.

ACCOUNTS FOREWORD

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 31st December 2022.

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 42. The deficit for the period was €3,631,000 (£3,096,000). The deficit for 2021 was €11,000 (£6,000).

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 €1.1732 (2021 €1.1633) 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 €1.1277 (2021 €1.1907) 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 DAHGI and DARD (The Department of Agriculture and Rural Development) the asset portfolio comprising mainly infrastructure assets such as waterways, canals, 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. Where title and value have been verified, land and buildings of a non-operational nature have been valued in the accounts. A net valuation decrease in Tangible Assets of €2,750,000 is primarily due to the revaluation of property in Dublin. A net valuation increase in year in Operational assets of €99,626,000 includes €1,633,000, on impairment of lockgates and bridges, CPI movement €104,138,000 reflecting 5 year revaluation of Bridges, Locks and Weirs; reduction due to conditions surveys on Bridges of €1,247,000; land indexation increase of €213,000; changes in ownership of assets reduced valuation by €1,702,000; valuation reduction on first registration €143,000. These changes are detailed in Notes 1.7, 7.1, 7.2 and 7.3.

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FINANCIAL REVIEW

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- Statement Of Responsibilities
- Internal Control Statement
- Remuneration Report
- Audit Certificate
- Income And Comprehensive Income Statements
- Cash Flow Statement
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FUTURE DEVELOPMENTS

Capital development in 2023 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 2023 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. The British Irish Agreement Act 1999 and the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 make no provision for a Board for Waterways Ireland. The functions of the Body are exercised by the Chief Executive.

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. The Equality and Diversity Working Group met quarterly during the year to plan and review delivery of the Interim 2022 Disability Action Plan and to develop the 2023-2025 Disability Action Plan. A 12 week Consultation was held for the draft 2023-2025 Disability Action Plan and the Equality Unit attended all regional offices for stakeholder engagement. The 2023-2025 Disability Action Plan was ratified by the Senior Management Team in 2023 after review of the responses from consultation.

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 receipt of the goods or services, or presentation of a valid invoice or similar demand, whichever is later.

During 2022, 95.6% (2021, 99%) of invoices were paid within 30 days and interest charges of €1,886 (2021 €199) and late penalty charges of €13,115 (2021 €1,639) 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 Health and Safety Statement was made available to staff through the Intranet and through induction training in 2022. 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 across both jurisdictions.

The membership of the Waterways Ireland Health and Safety Committee and Health and Safety Working Groups were reconstituted in 2022. The new committees continue to meet on a quarterly basis to discuss ongoing health and safety

issues in line with associated Terms of Reference documents. Regional Safety Groups also continue 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 launched with access and training delivered to designated users. A Health and Safety Improvement Plan was launched in 2022 with an overall objective to align current systems to the ISO45001 Health & Safety standard. Progress with this development is directly managed by the Waterways Ireland H&S section supported by Quadra Consulting Services.

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 €68,000 (£60,000). 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 2023-2025 (in draft format) 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 2022 €80,000 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 €3,241,000 in 2022 (€2,993,000 in 2021). By 2023, it is estimated there will be 190 pensioners who are retired or eligible to retire against a permanent workforce complement in 2022 (Note 4.1) of 320 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/WINDSOR FRAMEWORK

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. During 2022 Northern Ireland is within the Single Market under the Northern Ireland Protocol. 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. In February 2023 the Windsor Framework has been negotiated. Arrangements will be made to limit any impacts as much as possible.

PENSIONS

The Net Liability has decreased over the year from a deficit of €170m at 1st January 2022 to a deficit of €121.5m at 31st December 2022, mainly as a result of corporate bond yields having increased over the period, resulting in significantly increased discount rates and lower resulting liability values. The change in the assumption for mortality has produced slightly lower life expectancies and this has also led to a decrease in the value placed on the liabilities. This combined decrease in the liabilities has been offset by higher-than-expected inflation rate experienced over the measurement period, impacting the liabilities and an increase in the estimated service cost for the measurement period as a result of the prospective McCloud remedy.

The Court of Appeal in the McCloud and Sargeant cases found that the transitional protections introduced as part of the 2015 reforms to the public service pensions were discriminatory. In

response to those judgments, a “prospective” and “retrospective” remedy have been confirmed.

The “prospective” element means that from 1st April 2022 members of the North/South Pension Scheme Core Final Salary and Reserved Rights PCPPS (NI) sections were moved to the alpha scheme in respect of any accrual from that date. The impact of this change on the liabilities has been allowed for in the above disclosures.

The Bodies are currently working with administrators to deal with the “Retrospective” remedy, which is to be implemented, with any required rule amendments by 1st October 2023. This remedy will result in affected members being given a “deferred Choice underpin” for the period from 1st April 2015 and 31st March 2022. In effect members can select the method of benefit accrual (final salary or CARE in the alpha section) over the remedy period which is most advantageous to them. Until member by member calculations have been completed, the final cost of this remedy is unlikely to be finalised for some time.

No allowance has been made for the Retrospective element of the remedy in the above disclosures. We estimate, on the basis of previous contingent liability notes prepared that additional costs for the retrospective remedy will be up to €1,680,000 as at 31st December 2022 (€2,500,000 – 2021). A contingent liability has been recorded in note 17.

Employee contributions of €813,000 (2021: €745,000) were received and remitted to DHLGH and DfI on an 85:15 basis.

APPROVAL OF 2022 BUSINESS PLAN AND CORPORATE PLAN 2023-2025

Waterways Ireland’s 2022 Business Plan was approved by the Sponsor Departments, Finance Departments by May 2022. The North/South Ministerial Council are in suspension so approval is outstanding. Corporate Plan 2020-2022 was approved at North/South Ministerial Council on 21st May 2021. The Corporate Plan 2023-2025 remains in draft form until it is approved by both Sponsor Ministers and Finance Ministers in the Irish Government and in the Northern Ireland Executive and the North South Ministerial Council (NSMC).

DHLGH and DfI continued to fund Waterways Ireland’s activities based on the approved Business

Plan with €50,160,000 of funds applied during 2022. Additional bids from Waterways Ireland have secured funding from DHLGH of €807,000 toward staff costs under the Building Momentum pay award and pension costs. Funds applied include €514,394 of match funding in relation to the Rural Regeneration Development Fund (RRDF) (Category 2) for the Ulster Canal Restoration Phase 2 and €1,038,709 match funding for the RRDF (Category 1) Barrow Blueway project. Shared Island Funding of €7,000,000 was received for funding of Ulster Canal projects.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Nothing to report.

COVID-19

Waterways Ireland continued to follow public health guidelines across both jurisdictions in a bid to control transmission of Covid 19. A Covid Action group was formed and met on a periodic basis to discuss ongoing public health guidelines and control measures to be adopted across the organisation. A Covid Action plan was initiated and made available to all staff as a reference document. By following these controls Waterways Ireland was able to continue with operational duties under a risk assessed approach. Other staff adopted a blended working model between the ‘home’ office and traditional office environments. The public continue to enjoy the beauty of our waterways and associated infrastructure thanks to the ongoing commitment of Waterways Ireland staff.

STATEMENT OF RESPONSIBILITIES

WATERWAYS IRELAND RESPONSIBILITIES

The Finance Departments have directed Waterways Ireland to prepare a statement of accounts for each year ended 31st December in the form and on the basis set out in the accounts direction on page 70 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.



INTERNAL CONTROL STATEMENT

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

The Waterways Ireland Business Plan 2022 was presented to Sponsor Departments for their consideration and was approved by Finance Departments and Finance Ministers. The Body has adhered to its financial parameters and objectives throughout 2022 providing updates at regular Sponsor Department Monitor Meetings.

Reflecting on 2022, Waterways Ireland continued to deliver on the commitment to provide a safe and healthy workplace for all our workers and users of our navigations and ancillary amenities as Covid-19 restrictions continued to ease. Operational staff in Waterways Ireland continued to work through the pandemic, under supervision and risk assessment. Office based staff embraced a transitioned return to the office environment for a period of two days per week with the remainder spent in the home office environment.

During 2022 Waterways Ireland continued to build for the future. Key appointments in 2022 included: Operations Controller; Head of HR; Head of Environment & Heritage; Climate & Sustainability Manager; Head of Health & Safety; Fleet & Plant Manager; Western Regional Manager and a Senior Ecologist. The organisation is more stable in the short term albeit we recognise and have advocated for a comprehensive organisation Review to determine a fit for purpose organisation capable of delivering future strategies. This is one of the critical initiatives in 2023 and we have worked assiduously with our Sponsor Departments to commence this exercise.

There is a programme of improvement ongoing in Risk Management Practices including the introduction of a new Risk Management System and Risk Management Training being delivered to the Senior Management Team. Further Risk Management training for all Risk Owners across the organisation is planned in 2023. During 2022 the Senior Management Team redefined

the organisation's Risk Appetite and Tolerance levels. Resources will be prioritised and allocated to support the management of risks to achieve objectives. Monitoring Meetings with our Sponsor Departments and Audit Committee Meetings also occurred as scheduled throughout 2022.

The Waterways Ireland team delivered a significant programme of work throughout 2022 in challenging circumstances. There were many accomplishments and some key transformational projects included: commencement of Phase 2 of the Ulster Canal Restoration; continued delivery of key aspects of the Shannon Tourism Masterplan; adoption of the organisation's Climate Action Plan; Blueway Accreditation; and continued implementation of the Asset Management Improvement Program (AMIP).

Other important progressive steps during 2022 included:

- (i) Monitoring of the Risk Management Framework monthly to ensure visibility and tracking of outcomes. Work is ongoing to further embed Risk Processes within the organisation.
- (ii) Development of a Capital Expenditure Manual and Project Management Procedural Manual to support the introduction of a Project Management Office in the Organisation.
- (iii) Progress on planning for the future also moved at pace during 2022 with the development of the Organisation's first Draft 10 year Long Term Plan with a Public Consultation and Launch planned in 2023.

Within this context I am of the opinion Waterways Ireland has continued to make good progress in addressing the key risks and internal control gaps. In summary, I am more assured the foundations of a governance framework with appropriate structures and resources are approaching fit for purpose.

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. I can verify that Monitoring Meetings were held on four occasions during 2022. In addition, throughout 2022 there was ongoing dialogue with Sponsor Departments.

CAPACITY TO HANDLE RISK

A set of procedures was in situ during 2022 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 implemented in 2022 and work is ongoing to further embed a Risk Culture within the organisation.

THE RISK AND CONTROL FRAMEWORK

Risk Management is a key element of the effective accountability and corporate governance arrangements of the Body and is regularly reviewed by the Body's Sponsor Departments at Monitoring Committee Meetings and by the Body's Audit Committee at quarterly meetings.

In 2022, the Senior Management Team engaged in several workshops to assess the nature and extent of the principal risks that Waterways Ireland is exposed to and is willing to take to achieve its objectives. The Senior Management Team have redefined Risk Categories, Appetite and Tolerance levels to ensure the escalation of risk is effective within the Organisation. Resources will be prioritised and allocated to support the management of risks to achieve objectives.

The organisation's Risk Management Framework harnesses the activities that identify and manage uncertainty, allowing Waterways Ireland to take

balanced risks and opportunities. The Framework will be implemented into day-to-day operations and is an integral tool for governance and corporate management.

All risks are documented in a Risk Register and managed in a 2-level framework: i) Corporate/Strategic Risks and ii) Divisional/Regional Risks. The Corporate Risk Register identifies the key risks directly related to the Body's Corporate and Business Plan goals. The Senior Management Team within Waterways Ireland convened monthly 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.

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 systems to ensure the quality and integrity of management information provided to the Chief Executive and Senior Managers. There is a need to consider more appropriate processes and systems. An upgrade of the Integra Systems has been under review in 2022 with the intention of a planned upgrade in 2024. The focus on Digital Transformation remains a key strategic objective for the organisation with a Data Maturity Assessment commencing in 2023.

On 15th August 2022, Waterways Ireland was the subject of a Cyber Incident. IT shut down and disabled all systems and internet throughout the Organisation and initiated the Cyber Incident Response Plan. The Senior Management Team initiated the Business Continuity Protocol. The EMT (Emergency Management Team) Group was set up. The EMT were requested to follow their BCP (Business Continuity Plan) and each day an EMT meeting was held to discuss key plans and actions.

All Authorities & State Authorities were notified including: PSNI, GARDIA, Sponsor Departments, NCSC (National Cyber Security Centre), Security Centre, Ireland, Advice calls to ICO (Information Commissioners Office) and Data Protection Office in Ireland. As there was no data breach, there was no requirement for Waterways Ireland to

submit a data breach Report to ICO and Data Protection Office, Ireland. The Advice Centre was contacted to confirm this in both states. A phased recovery action plan was implemented. Additional security measures have been implemented within the organisation and external consultants are being appointed to independently audit the IT recovery process and provide recommendations for implementation.

FINANCIAL MANAGEMENT

The Body has in place the following processes:

- The Senior Management Group met monthly during 2022 to monitor progress on business plans and any other issues. Outside of the monthly meetings specific agenda-led meetings also occurred throughout 2022.
- Pension cost growth linked to an ageing workforce will continue through to 2028. 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. We continue to engage and obtain support on this matter from our Sponsor Departments.
- Property registrations and review of lease legacies continue. A small, dedicated group of staff continue 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.
- Assurance statements are provided to the Sponsor Departments bi-annually as part of the Business Assurance cycle.
- Late payment interest and penalties continue to be closely reviewed by Senior Management.

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.

- During 2022, Internal Audit finalised six internal audit reports all with an overall satisfactory opinion. There were no priority one recommendations identified in the internal audits finalised during 2022. Nineteen recommendations were made to strengthen the control environments and the related audit recommendations are being implemented by management.
- The Internal Audit Assurance Statement for the year ended 31st December 2022 concluded that 'based on the scope of the audits which were completed during 2022 and assuming management effectively implement, in a timely manner, the internal audit recommendations made in each audit report, internal audit can provide satisfactory 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.'
- The Follow Up Review 2022/2023 shows continuing progress is being made in the implementation of audit report recommendations and action plans are in place by management to address control weaknesses identified.

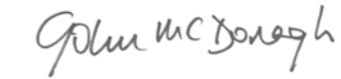
AUDIT COMMITTEE

- The Audit Committee consists of three independent non-executive members. The Audit Committee met in March, June, November, and December 2022.
- The Audit Committee commenced all meetings with a private session of approximately 30 minutes at which only the non-executive 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, Head of Corporate Services, representatives

from the Sponsor Departments and both the Internal and External Auditor. Based on the work undertaken by the Waterways Ireland Audit Committee during 2022 including reviews of internal audit reports, procedures and papers, discussions at meetings with internal and external auditors and 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 way 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

20th December 2023



REMUNERATION REPORT

REPORT ON THE REMUNERATION OF SENIOR MANAGEMENT

The Senior Management of Waterways Ireland consist of the CEO, Directors, Regional Managers and newly created temporary role of Operations Controller. The Chief Executive is the Accounting Officer as approved by NSMC and according to 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 mirror those of the Irish Civil Service scales. The pay scales for each Civil Service grade contain a number of pay points from minima to maxima, allowing progression towards the maxima.

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.

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 2022 there was one 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 2022 was €107,141 (2021: €106,771). This was 2.28 (2021: 2.39) times the median salary of the workforce which in 2022 was €46,057 (2021: €43,904). The ratio is calculated using the mid-point of the banded remuneration of the highest paid director in post at the reporting date 31st December, in accordance with the North/South Implementation Bodies Annual Report and Accounts Guidance.

The range of staff remuneration in 2022 is from €17,237 to €107,141. In 2022 and 2021 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 2022 or 2021.

BONUSES

It is not the policy of the Waterways Ireland to make any bonus payments to members of the Senior Management team or staff. No bonus payments have been made in 2022 or 2021.

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

	2022			2021		
	Salary	Pension Benefits 2	Total	Salary	Pension Benefits 2	Total
Total Senior Management Remuneration	€ 564,163	€ 310,097	€ 874,260	€ 633,985	€ 341,576	€ 975,561
Total Senior Management Remuneration – Full Time Equivalent	€ 747,397	€ 310,097	€ 1,057,494	€ 640,277	€ 341,576	€ 981,853

NOTES:

¹The 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. On 1st October 2022 a temporary Operations Controller role was created as part of the Senior Management. The temporary Operations Controller was previously the Western Regional Manager. The Director of Business Development resigned on the 1st of April 2022 and this position remained vacant. The Northern Regional Manager retired during the year on 17th August 2022. The Northern Regional Manager position remained vacant until 31st December 2022. The Western Regional Manager position was appointed on 1st December 2022. The Full Time Equivalent reflects payments made to the Senior Management Team during the year and for vacant posts the expected annual salary is used and applied pro rata where applicable.

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 2022 €1.1732 (2021 €1.1633) 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

	2022 €	2022 £	2021 €	2021 £
Midpoint of the band of the highest paid Director	105,000	89,499	105,000	90,260
Median remuneration of staff	46,057	39,258	43,904	37,741
Ratio	2.28		2.39	
Range of staff remuneration	€17,237 to €107,141	£14,692 to £91,324	€15,156 to €106,771	£13,028 to £91,783



PENSION BENEFITS

Name	Accrued Pension at Pension Age at 31/12/22 and related Lump Sum	Real Increase in Pension and related Lump Sum at Pension Age	CETV at 31/12/22	CETV at 31/12/21	Real Increase in CETV
CEO	Pension €4,600 Lump Sum €0	Pension €2,500 Lump Sum €0	€ 72,800	€ 33,000	€ 39,800
Regional Manager 1 (2)	Pension €55,400 Lump Sum €166,300	Pension €3,400 Lump Sum €9,300	€ 1,226,900	€ 1,162,000	€ 64,900
Regional Manager 2	Pension €0 Lump Sum €0	Pension €0 Lump Sum €0	€ 0	€ 1,141,000	€ 0
Regional Manager 3/ temporary Operations Controller (4)	Pension €41,400 Lump Sum €124,100	Pension €2,400 Lump Sum €6,100	€ 832,900	€ 773,000	€ 59,900
Regional Manager 4	Pension €26,700 Lump Sum €39,600	Pension €2,700 Lump Sum €600	€ 432,800	€ 391,000	€ 41,800
Regional Manager 5 (1)	Pension €7,700 Lump Sum €0	Pension €0 Lump Sum €0	€ 72,800	€ 0	€ 0
Director 1 (5)	Pension €34,500 Lump Sum €68,500	Pension €2,500 Lump Sum €500	€ 660,700	€ 619,000	€ 41,700
Director 3 (3)	Pension €3,400 Lump Sum €0	Pension €800 Lump Sum €0	€ 31,100	€ 24,000	€ 7,100
Director 2 (5)	Pension €3,600 Lump Sum €0	Pension €1,900 Lump Sum €0	€ 45,500	€ 21,000	€ 24,500

NOTES:

- (1) Regional Manager 5 was appointed on 1st December 2022 and was not a Senior Manager at 31/12/2021.
- (2) Member retired 17/08/2022
- (3) Member resigned on 01/04/2022, (Director 4 in 2021)
- (4) Regional Manager 3 was promoted on 01/10/2022 to Temporary Operations Controller
- (5) Directors renamed, Director 1 was Director 3 in 2021 and Director 2 was Director 5 in 2021.

The Cash Equivalent Transfer Values ("CETVs") are not guaranteed and are for illustrative purposes only. CETVs have been calculated based on estimated pension benefits as at 31 December 2021 and 31 December 2022. Salaries shown above are as at 31 March 2022.

Benefits for Northern members have been converted to Euros using the exchange rate of £1:€1.1732 provided by Waterways Ireland.

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, and with effect from 1st April 2022, all members of the N/SPS Core Final Salary section and Reserved Rights PCSPS(NI) section (“the legacy schemes”) were moved to the N/SPS alpha scheme as part of the McCloud Prospective Remedy. During 2023 a consultation on the Retrospective Remedy will take place with the Remedy to be implemented from 1st October 2023, when eligible members will begin to receive a choice of Final Salary or alpha benefits for the Remedy Period of 1st April 2015 to 31st March 2022.

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 1st January 2022 and then 68 from 1st 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 31st December 2022 has been carried out by a qualified independent actuary (XPS). A full valuation of the liabilities has not been carried as at the Measurement Date, rather an estimation of the liabilities of the Scheme by updating the results

of the 2021 accounting disclosures to allow for the passage of time, the accrual of new benefits for active members, benefits paid out of the Scheme and changes in actuarial assumptions over the period from 31st December 2021 to 31st December 2022 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 2022, there was one compensation payment made as shown in the table below:

Cost Band	Compulsory Redundancies	Other Payments/ Departures	Total Packages	2022 Total Cost €	Compulsory Redundancies	Other Departures	Total Packages	2021 Total Cost €
€0 to €20,000	0	16	0	16,000	0	0	0	0
€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	1	0	92,082	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	17	0	108,082	0	0	0	0

SALARY BANDS FOR ALL EMPLOYEES

Number of employees whose emoluments for the twelve months ending 31st December 2022 fell within the following bands:

Salary Bands €	2022 (no. of employees)	2021 (no. of employees)
Less than 40,000	159	200
40,000-49,999	102	100
50,000-59,999	64	48
60,000-69,999	34	32
70,000-79,999	18	14
80,000-89,999	8	4
90,000-99,999	2	1
100,000-109,999	2	1
TOTALS	389	400

AUDIT CERTIFICATE

THE CERTIFICATE OF THE COMPTROLLERS AND AUDITORS' GENERAL TO THE NORTHERN IRELAND ASSEMBLY AND THE 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 2022 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 our opinion, the accounts:

- give a true and fair view of the state of the Body's affairs as at 31 December 2022 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 Ethical Standard 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 we report if, in our 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
Date: 21 December 2023



Seamus McCarthy
Comptroller and Auditor General, Ireland
3A Mayor Street Upper
Dublin 1
Ireland
DO1 PF72
Date: 21 December 2023

INCOME & COMPREHENSIVE INCOME STATEMENTS

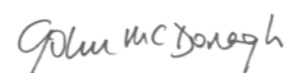
INCOME STATEMENT for the year ended 31st December 2022

	Notes	€'000 2022	£'000 2022	€'000 2021	£'000 2021
INCOME					
Revenue Funding from Departments	2	35,284	30,075	31,562	27,132
Release from Capital Grant/Donation/ Grant Reserves		10,842	9,241	10,509	9,034
Other Operating Income	3	11,651	9,931	8,406	7,227
TOTAL INCOME		57,777	49,247	50,477	43,393
EXPENDITURE					
Staff Costs	4	31,596	26,931	26,734	22,981
Programme Costs	5	10,238	8,727	7,870	6,764
Other Operating Costs	6	8,677	7,397	5,321	4,573
Currency (gains)/losses and interest and penalties payable		94	80	53	46
Depreciation	7.1,7.2	10,842	9,241	10,509	9,034
TOTAL EXPENDITURE		61,447	52,376	50,487	43,398
Operating Profit/ (Deficit) for the Year		(3,670)	(3,129)	(10)	(5)
(Loss)/Profit on Disposal of Property, Plant and Equipment		39	33	(1)	(1)
(Deficit) for the Year		(3,631)	(3,096)	(11)	(6)

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31st December 2022

	Notes	€'000 2022	£'000 2022	€'000 2021	£'000 2021
(Deficit) for the Year		(3,631)	(3,096)	(11)	(6)
Actuarial (loss)/gain on pension liabilities	16.2	58,603	49,951	(5,862)	(5,039)
Net transfer (in)/out of the scheme	16.2	(17)	(14)	190	163
Adjustment to Deferred pension funding		(58,586)	(49,937)	5,672	4,876
Unrealised (deficit)/surplus on revaluation of Land and Buildings	7.1, 7.2	96,876	85,906	71,259	59,846
Total recognised gain/(loss) for the Year		93,245	82,810	71,248	59,840

The notes on pages 47 to 69 form part of these accounts.



John McDonagh
Chief Executive
20th December 2023

STATEMENT OF FINANCIAL POSITION

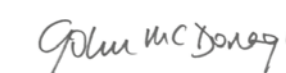
STATEMENT OF FINANCIAL POSITION as at 31st December 2022

	Notes	€'000 2022	£'000 2022	€'000 2021	£'000 2021
Property, Plant and Equipment					
Tangible Assets	7.1	30,815	27,326	33,725	28,324
Operational Assets and Work in Progress	7.2	661,171	586,300	556,624	467,476
Current Assets					
Cash at bank and in hand	8	10,695	9,484	7,544	6,336
Stocks	9	480	426	574	481
Debtors/Prepayments - amounts due within one year	10	3,059	2,713	1,851	1,555
		14,234	12,623	9,969	8,372
Current Liabilities					
Creditors - amounts due within one year	11	(8,058)	(7,146)	(5,559)	(4,667)
Net Current Assets		6,176	5,477	4,410	3,705
Debtors/Prepayments - amounts due after one year	10	26	23	26	22
Creditors - amounts due after one year	11	(787)	(698)	(760)	(638)
Deferred Pension Funding	16.4	121,514	107,754	169,794	142,600
Pension Liability	16.5	(121,514)	(107,754)	(169,794)	(142,600)
Provisions	13	(11,008)	(9,762)	(7,557)	(6,347)
Total Assets Less Liabilities		686,393	608,666	586,468	492,542

Financed by:
Capital and Reserves

Revenue Reserve	(7,502)	(6,652)	(4,996)	(4,196)
Capital Grant Reserve	670,294	594,390	569,850	478,586
Donation Reserve	22,147	19,639	20,185	16,952
Grant Reserve	1,454	1,289	1,429	1,200
	686,393	608,666	586,468	492,542

The notes on pages 47 to 69 form part of these accounts.



John McDonagh
Chief Executive
20th December 2023

CASH FLOW STATEMENT

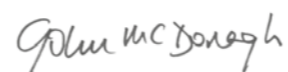
CASH FLOW STATEMENT for the year ended 31st December 2022

	Notes	€'000 2022	£'000 2022	€'000 2021	£'000 2021
Net Cash in/(out)flow from operating activities	14	1,193	1,017	(109)	(92)
Cashflows from investing					
Receipt from sale - plant, land, property rights		1,164	992	1,538	1,321
Payments to acquire tangible property, plant and equipment	7.1,7.2	(16,728)	(14,258)	(7,931)	(6,818)
Net Cash outflow before financing		(14,371)	(12,249)	(6,502)	(5,589)
Cashflows from financing					
Capital funding received		14,876	12,680	4,384	3,769
Donation/Grant received		2,646	2,255	2,416	2,077
Difference on currency translation		-	462	-	(438)
Net increase/(decrease) in cash and cash equivalents	14	3,151	3,148	298	(181)
Cash and cash equivalents at the start of the year		7,544	6,336	7,246	6,517
Cash and cash equivalents at the end of the year	14	10,695	9,484	7,544	6,336

The notes on pages 47 to 69 form part of these accounts.

Note: Receipt from sale includes €1,125,000 from disposal surplus property and €39,000 from disposal of plant which had a Nil NBV.

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
20th December 2023

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY as at 31st December 2022

	Notes	€'000 2022	£'000 2022	€'000 2021	£'000 2021
Revenue Reserve					
At 1st January		(4,996)	(4,196)	(6,549)	(5,890)
Surplus/(Deficit) in the year		(3,631)	(3,096)	(11)	(6)
Plus: Transfer from Capital Grant Reserve and Donation Reserve		1,125	959	1,564	1,344
Difference on currency translation		-	(319)	-	356
At 31st December		(7,502)	(6,652)	(4,996)	(4,196)

Note: Transfer from Capital Grant Reserve relates to disposal of land/property rights €1,125,000. As per note 2.1 certain revenue program costs are deemed capital in nature for funding purposes.

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

	Notes	€'000 2022	£'000 2022	€'000 2021	£'000 2021
Capital Grant and Revaluation					
At 1st January		569,850	478,586	505,663	454,816
Capital Grants Received	2	14,876	12,680	4,384	3,769
Revaluation and Depreciation adjustment	7.1, 7.2	96,876	85,906	71,259	59,846
Less: Transfer to Revenue Reserve		(1,125)	(959)	(1,564)	(1,344)
Less: Amortisation of Capital Grants		(10,183)	(8,680)	(9,892)	(8,503)
Difference on currency translation	7.1, 7.2	-	26,857	-	(29,998)
At 31st December		670,294	594,390	569,850	478,586

Note: Transfer to Revenue Reserve relates to disposal of land/property rights €1,125,000.

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.

	Notes	€'000 2022	£'000 2022	€'000 2021	£'000 2021
Donation Reserve					
At 1st January		20,185	16,952	18,297	16,457
Donations Received		2,532	2,158	2,416	2,077
Less: Amortisation of Donations		(570)	(486)	(528)	(454)
Difference on currency translation	7.1, 7.2	-	1,015	-	(1,128)
At 31st December		22,147	19,639	20,185	16,952

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.

NOTES TO THE ACCOUNTS

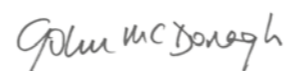
NOTES TO THE ACCOUNTS for the year ended 31st December 2022

Grant Reserve

	Notes	€'000 2022	£'000 2022	€'000 2021	£'000 2021
At 1st January		1,429	1,200	1,518	1,365
Grants Received		114	97	-	-
Less: Amortisation of Grants		(89)	(76)	(89)	(77)
Difference on currency translation	7.1, 7.2	-	68	-	(88)
At 31st December		<u>1,454</u>	<u>1,289</u>	<u>1,429</u>	<u>1,200</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
20th December 2023

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 31st December 2022 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 23 years with €3,857 released in 2022 to income. Funds received for the Ulster Canal of €246,000, €68,000 DETE funding for the Shannon Greenway and partnership funding for marketing of the Royal Canal Greenway of €9,000 remain to be spent in 2023. Permit income and winter moorings payments received for 2022 amount to €45,000.

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, agreed sales proceeds and in house professionally qualified engineers.

Specialised Operational assets are valued at depreciated replacement cost by Waterways Ireland staff. Non-specialised land and buildings are valued at market value. The valuation methodology and replacement cost information applied in valuing Operational Assets is subject to periodic independent review. The most recent review was completed during 2023 by Faithful+Gould and HCA Chartered Accountants Limited. The Terms Of Reference for the review included:

- A review of the method of valuation of Operational Assets carried out by Waterways Ireland staff and providing an opinion on the valuation methodology;
- Advice on whether the methodology is in compliance with relevant accounting standards applicable to Waterways Ireland;
- Review of the standard costs included in the valuation and advice on the appropriateness of these for inclusion in the 2022 financial statements; and
- Professional guidance as to what practical improvements, if any, can be made to the valuation methodology.

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 2022 accounts this resulted in a net increase of €96,875,000 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 2022 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 2021 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 by Kieran Taggart Member of the Royal Institute of Chartered Surveyors in 2018, revised 2022.
- Property disposals in progress at 2022 €333,000 internally valued.
- Bogland at Pullough €9,500, valued in 2018 based on agreed sales proceeds.

1.7.2 Land And Buildings

Freehold land €16,750,000 (2021 €19,500,000); valued at Market value by ORE Real Estate Advisers, Dublin in February 2023. 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 TRACKWAY**

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 2022, the Construction Price Inflation index applied was between 9.94% and 31.68% resulting in a net increase on revaluation of €27,807,000.

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 floatingjetties, 25 years, life is estimated at 500 years based on regular repairs and maintenance and taking into consideration their existing age.

This valuation approach was externally reviewed in 2022 by Faithful + Gould, Paul McNamara, Associate Director, BSc (Hons), MCIInstCES and Aisling Hegarty, Managing Surveyor, BSc (Hons). and deemed to be reasonable.

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. CPI is applied as indicated above. Further reviews will be carried out on a rolling basis with any amendments reflected in the Asset Register. This valuation approach was externally reviewed in 2022 by Faithful + Gould, Paul McNamara, Associate Director, BSc (Hons), MCIInstCES and Aisling Hegarty, Managing Surveyor, BSc (Hons). and deemed to be reasonable.

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

Canal Assets

Following prolonged dialogue with auditors in 2021 and following a review during 2023 by Faithful+Gould and HCA Chartered Accountants Limited it was agreed the Canal assets would not be recognised in the financial statements.

2. LOCK CHAMBERS AND LOCK GATES

Lock Chambers and gates valuation method were externally reviewed in 2022 by Faithful + Gould, Paul McNamara, Associate Director, BSc (Hons), MCIInstCES and Aisling Hegarty, Managing Surveyor,

BSc (Hons). and deemed satisfactory. 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 2022 CPI of up to 27.89% was applied to Locks with a net increase of €52,327,000; an impairment of lockgates reduced the valuation by €262,000; revaluation of lockgates and chamber is a reduction of €1,952,000; total movement €50,113,000.

3. WEIRS

Weirs valuation method was externally reviewed in 2022 by Faithful + Gould, Paul McNamara, Associate Director, BSc (Hons), MCIInstCES and Aisling Hegarty, Managing Surveyor, BSc (Hons). and deemed satisfactory. Valuations based on depreciated replacement costs, useful life is 120 years. In 2022 CPI of 27.89% was applied on Weirs a net increase of €3,482,000.

4. BRIDGES AQUEDUCTS AND MAJOR CULVERTS

Bridges Aqueducts and Major Culverts valuation method was externally reviewed in 2022 by Faithful + Gould, Paul McNamara, Associate Director, BSc (Hons), MCIInstCES and Aisling Hegarty, Managing Surveyor, BSc (Hons). and deemed satisfactory. Valuations are based on depreciated replacement cost, useful life is 120 years. In 2022 Bridge revised condition changes are reflected in a net decrease on revaluation of €1,247,000; CPI inflation increase of 27.89% of €20,521,000; impairment of bridge €1,371,000 and revaluation increase of bridge €250,000; total movement of €18,153,000.

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 2022 accounts this resulted in an increase in land values of € 213,000. Updated information on the first registration of land resulted in a decrease in value of €143,000. This valuation method was externally reviewed in 2022 by Faithful + Gould, Paul McNamara, Associate Director, BSc (Hons), MCIInstCES and Aisling Hegarty, Managing Surveyor, BSc (Hons). and deemed reasonable.

6. DEPOTS AND LOCK-HOUSES

Lockhouses were valued at the lower of replacement cost and recoverable amount (being the higher of net realisable value and value in use). Vacant Lockhouses were valued at market value as this was the lower of cost and net realisable value. With occupied Lockhouses, the replacement cost is the existing use value. Depots were valued based on existing use value. These valuation methods were externally reviewed in 2022 by Faithful + Gould, Paul McNamara, Associate Director, BSc (Hons), MCIInstCES and Aisling Hegarty, Managing Surveyor, BSc (Hons). and found to be valued using reasonable methodologies. 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 2022. The index used to establish the uplift is the Capital Goods Price Index, published by the Central Statistics Office. The subcategory used was "All capital goods" as there was no index more suitable to the buildings. This valuation method was externally reviewed in 2022 by Faithful + Gould, Paul McNamara, Associate Director, BSc (Hons), MCIInstCES and Aisling Hegarty, Managing Surveyor, BSc (Hons). and found to be valued using reasonable methodologies.

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
Property, Plant and Equipment	
Surplus Assets	Not Depreciated
Buildings	50
Plant, Vehicles and Machinery	
Boats	10 – 40
Excavators	10 – 20
Grasscare	20
General Plant	6 – 20
Vehicles	6 – 15
Computers, Furniture and Fittings	
Furniture	10
IT Equipment	5
Operational Assets and Work in Progress	
Land	Not Depreciated
Operational Assets	
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 where resources are 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 31st December 2022 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.

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 any compensation payable in relation to the Retrospective element of the remedy and based on previous contingent liability notes prepared for Waterways Ireland the additional costs for the retrospective remedy will be up to €1,680,000. 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 1st January 2022 - 31st December 2022

	DHLGH €'000	DHLGH £'000	DfI €'000	DfI £'000	TOTAL €'000	TOTAL £'000
Funding taken to Income	30,672	26,144	4,612	3,931	35,284	30,075
Funding Capitalised	13,187	11,240	1,689	1,440	14,876	12,680
	<u>43,859</u>	<u>37,384</u>	<u>6,301</u>	<u>5,371</u>	<u>50,160</u>	<u>42,755</u>

2.2 Financial Year 1st January 2021 - 31st December 2021

	DHLGH €'000	DHLGH £'000	DfI €'000	DfI £'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
	<u>30,263</u>	<u>26,015</u>	<u>5,683</u>	<u>4,886</u>	<u>35,946</u>	<u>30,901</u>

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 2021. 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 DfI (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 2022 from DHLGH includes €514,394 RRDF match funding Category 2 application toward the Ulster Canal, and €1,038,709 match funding under the Rural Regeneration and Development Fund toward the development of the Barrow Blueway. Shared Island funding of €7,000,000 was made available toward Phase 2 and Phase 3 of the Ulster Canal of which €6,317,201 was spent.

Waterways Ireland's 2022 Business Plan has been formally approved by the Sponsor Departments, Finance Departments in May 2022 and remains to be approved by the North/South Ministerial Council (NSMC).

3. OTHER OPERATING INCOME

	Notes	€'000 2022	£'000 2022	€'000 2021	£'000 2021
Licences		92	78	81	70
Property Related Income		350	298	309	266
Operating Income		232	198	222	191
Net deferred funding for pensions	16.3	10,306	8,785	7,289	6,266
Other Income		671	572	505	434
Total		<u>11,651</u>	<u>9,931</u>	<u>8,406</u>	<u>7,227</u>

4. STAFF COSTS

4.1 The Average Weekly Number Of Permanent Employees (Full Time Equivalent)

		2022	2021
Category of Employment:	Administration	131	125
	Operations	189	181
Total		<u>320</u>	<u>306</u>

In addition there were 28 temporary staff supporting works on the navigations, 1 agency staff and 4 student placements engaged to cover maternity leave and other staff absence.

4.2 The Costs Incurred In Respect Of These Employees Were:

	Notes	€'000 2022	£'000 2022	€'000 2021	£'000 2021
Staff Costs		17,199	14,659	15,595	13,406
Agency Costs		64	55	224	193
Employers NIC/PRSI		1,783	1,520	1,570	1,350
Other pension costs:- Current Service and Interest costs	16.3	13,547	11,547	10,282	8,839
		32,593	27,781	27,671	23,788
Less Staff and Agency Costs Capitalised		(997)	(850)	(937)	(805)
Total		<u>31,596</u>	<u>26,931</u>	<u>26,734</u>	<u>22,983</u>

No employer pension contributions were made in the financial year.

Remuneration and pension interests of 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 2022.

5. PROGRAMME COSTS

	Notes	€'000 2022	£'000 2022	€'000 2021	£'000 2021
Contracted in Services including construction costs		6,718	5,726	5,190	4,461
Vehicle Fuel		958	817	556	478
Plant Hire		780	665	604	519
Mechanical Spares and Equipment		698	595	817	702
Fuel and Light		135	115	93	80
Travel		296	252	254	218
Miscellaneous		653	557	356	306
Total		<u>10,238</u>	<u>8,727</u>	<u>7,870</u>	<u>6,764</u>

6. OTHER OPERATING COSTS

	Notes	€'000 2022	€'000 2022	€'000 2021	€'000 2021
Travel - Ireland		386	329	299	257
Recruitment costs		61	52	63	54
Training and Conferences		229	195	129	111
Contracted in Services		361	308	675	580
Compensation/ Provisions	13	3,884	3,311	685	589
Premises Running Costs including Utilities		1,011	862	703	604
Health and Safety		47	40	25	21
Communications		212	181	210	181
Other Operating Lease rental		0	0	18	15
Printing and Stationery		57	49	22	19
Computer Running Costs		1,101	938	1,047	900
Rent		292	249	292	251
Audit Fee - See Note		85	72	70	60
Marketing and Promotions		203	173	642	552
Insurance and Legal Fees		428	365	298	256
Pension Administrator costs		151	129	74	64
General Expenditure		169	144	69	59
Total		8,677	7,397	5,321	4,573

NOTES: Annual audit fee is €68,000 (£60,000). An exchange rate gain from fluctuations on payments and accruals in year of €2,000, plus additional fee for 2021 audit of €19,000 total €85,000.

7. ADDITIONAL DISCLOSURE

Travel & Subsistence	€'000
- Within the Island of Ireland	679
- Outside the Island of Ireland	3
Hospitality and Staff Wellbeing	€'000
- Hospitality Costs	2
- Staff Wellbeing Costs	17
Consultancy Costs	€'000
- Asset Management Consultancy	26
- HR , Pension Consultancy	249
- Marketing Consultancy	120
- Tax & Financial Advisory	36
- Environmental Consultancy	98
- Long term plan	124
Legal Costs	€'000
- Legal Fees - Property	166
- Legal Fees - Compensation cases	154
- Compensation payments	316

7.1 Property, Plant and Equipment - Tangible Assets

	Surplus Assets	Land and Buildings	Plant, Vehicles and Machinery	Computers, Furniture and Fittings	Total
Cost or Valuation	€'000	€'000	€'000	€'000	€'000
At 1st January 2022	1,649	23,713	28,525	6,634	60,521
Additions	-	-	2,350	73	2,423
Revaluation	-	(2,750)	-	-	(2,750)
Disposals	(1,125)	-	(195)	-	(1,320)
At 31st December 2022	524	20,963	30,680	6,707	58,874
Depreciation					
At 1st January 2022	-	328	20,738	5,730	26,796
Provision for year	-	83	1,105	270	1,458
Disposals	-	-	(195)	-	(195)
At 31st December 2022	-	411	21,648	6,000	28,059
Net Book Value €'000					
At 31st December 2022	524	20,552	9,032	707	30,815
At 31st December 2021	1,649	23,385	7,787	904	33,725
Net Book Value STG£'000					
At 31st December 2022	465	18,225	8,009	627	27,326
Currency Translation Adjustment	(78)	(1,094)	(408)	(36)	(1,617)
At 31st December 2021	1,385	19,640	6,540	759	28,324

NOTES: A number of assets were revalued in year - see table below. The net movements reflected in the Statement of Changes in Equity is a decrease in net book value of €2,750,000. Computers, Furniture and Fittings include intangible assets such as software of €1,778,000. 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	Operational Assets	Total
Cost or Valuation	€'000	€'000	€'000
At 1st January 2022	8,604	998,994	1,007,598
Additions	12,664	1,641	14,305
Capitalised from Work in Progress	(1,867)	1,867	-
Revaluation	-	214,547	214,547
At 31st December 2022	19,401	1,217,049	1,236,450
Depreciation			
At 1st January 2022	-	450,974	450,974
Revaluation	-	114,921	114,921
Provision for year	-	9,384	9,384
At 31st December 2022	-	575,279	575,279
Net Book Value €'000			
At 31st December 2022	19,401	641,770	661,171
At 31st December 2021	8,604	548,020	556,624
Net Book Value STG£'000			
At 31st December 2022	17,204	569,096	586,300
Currency Translation Adjustment	(839)	(25,446)	(26,284)
At 31st December 2021	7,226	460,250	467,476

NOTES: Operational assets includes inherited assets and newly constructed assets. Included are assets of Net Book Value €23,464,000 for which a part donation/grant from third parties has been received. A number of Operational assets were revalued in year - see below. The net impact of these valuation movements on the Statement of Changes in Equity is an increase in net book value of €99,626,000. 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 Revaluations

	Net Book Value at 01.01.2022	Revaluation	Additions Disposals Other Movements	Net Book Value at 31.12.2022
	€'000	€'000	€'000	€'000
Surplus Assets	1,649	-	(1,125)	524
Land and Buildings	23,385	(2,750)	(83)	20,552
Operational Assets	548,020	99,626	(5,876)	641,770
Total	573,054	96,876	(7,084)	662,846

NOTES: 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 2022	£'000 2022	€'000 2021	£'000 2021
Sterling Bank Account	1,225	1,086	300	252
Euro Bank Account	3,589	3,183	2,403	2,018
Euro Bank Reserve Account	5,880	5,214	4,840	4,065
Petty Cash	1	1	1	1
Total	10,695	9,484	7,544	6,336

9. STOCKS

	€'000 2022	£'000 2022	€'000 2021	£'000 2021
Hardware	120	106	128	107
Timber	225	200	282	237
Fuel and Lubricants	30	27	34	29
Protective Clothing	78	69	68	57
Spare Parts and Filters	2	2	19	16
Smart Cards	11	10	16	13
Publications	8	7	16	13
Miscellaneous	6	5	11	9
Total	480	426	574	481

10. RECEIVABLES AND PREPAYMENTS

	€'000 2022	£'000 2022	€'000 2021	£'000 2021
Amounts falling due within one year:				
Trade Debtors	202	179	316	266
Less: Provision for bad debt	(82)	(73)	(74)	(62)
Other Debtors	1,893	1,679	766	644
Prepayments	1,046	928	843	708
Total	3,059	2,713	1,851	1,555
Amounts falling due after one year:				
Prepayments	26	23	26	22
Total	3,085	2,736	1,877	1,577

11. PAYABLES AND ACCRUALS

	€'000 2022	£'000 2022	€'000 2021	£'000 2021
Amounts falling due within one year:				
Trade Creditors	2,555	2,266	2,011	1,689
Other Creditors	2,475	2,195	1,261	1,058
VAT	26	23	12	10
Accruals and Deferred Income	3,002	2,662	2,275	1,910
Total	8,058	7,146	5,559	4,667
Amounts falling due after one year:				
Other Creditors	702	623	672	564
Deferred Income	85	75	88	74
Total	8,845	7,844	6,319	5,305

12. OTHER OPERATING LEASES

At 31st December 2022 - future lease payments under non-cancellable operating leases for each of the following periods:

	€'000 2022	€'000 2022	€'000 2021	€'000 2021
Leases which expire:	Land and Buildings	Other	Land and Buildings	Other
Within one year	260	-	244	-
Between two and five years	1,120	-	1,135	-
More than five years	1,195	-	1,099	-
	2,575	-	2,478	-
	£'000 2022	£'000 2022	£'000 2021	£'000 2021
Leases which expire:	Land and Buildings	Other	Land and Buildings	Other
Within one year	222	-	210	-
Between two and five years	955	-	976	-
More than five years	1,019	-	945	-
	2,196	-	2,130	-

13. PROVISIONS

	Notes	€'000 2022	£'000 2022	€'000 2021	£'000 2021
At 1st January		7,557	6,347	7,169	6,448
Provision utilised in year		(433)	(369)	(297)	(255)
Provision in year	6	3,884	3,311	685	589
Difference on currency translation		-	474	-	(435)
At 31st December		11,008	9,762	7,557	6,347

NOTES: 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 2022	£'000 2022	€'000 2021	£'000 2021
Result for the year	(3,631)	(3,096)	(11)	(6)
Depreciation	10,842	9,241	10,509	9,034
Amortisation of Capital Grants	(10,842)	(9,241)	(10,509)	(9,034)
(Profit)/Loss on disposal of property, plant and equipment	(39)	(33)	1	1
Decrease/(Increase) in stock	94	83	23	20
Decrease/(Increase) in debtors	(1,208)	(1,071)	235	197
(Decrease)/Increase in creditors	2,526	2,240	(744)	(625)
Provisions	3,451	3,060	388	326
Difference on currency translation	-	(166)	-	(5)
Net cash generated from operating activities	1,193	1,017	(109)	(92)

NOTES: 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 2022	£'000 2022	€'000 2021	£'000 2021
Cash and cash equivalents at 1st January	7,544	6,336	7,246	6,517
Net cash inflow/(outflow)	3,151	3,148	298	(181)
Difference on currency translation	-	-	-	-
Cash and cash equivalents at 31st December	10,695	9,484	7,544	6,336
Net cash inflow/(outflow) from operating activities	1,193	1,017	(109)	(92)
Net cash inflow/(outflow) from non operating activities	1,958	2,131	407	(89)
Net cash (outflow)/inflow	3,151	3,148	298	(181)

15. CAPITAL COMMITMENTS

Capital commitments at 31st December 2022:

	€'000 2022	£'000 2022	€'000 2021	£'000 2021
Contracted	23,248	20,615	1,428	1,199

NOTES: Formal approval on 2023 capital programme has not 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 31st December 2022 together with a corresponding asset.

The actuarial method used for the calculation of the liabilities is the 'Projected Unit' method. A full valuation of the liabilities has not been carried as at the Measurement Date, rather an estimation of the liabilities of the Scheme by updating the results of the 2021 accounting disclosures to allow for the passage of time, the accrual of new benefits for active members, benefits paid out of the Scheme and changes in actuarial assumptions over the period from 31st December 2021 to 31st December 2022. The results of the 2021 accounting disclosures have therefore been relied upon for the purposes of the 2022 accounting disclosures, including the checks that were applied at the time to the membership data.

A number of checks have been undertaken in relation to last year's disclosures. Whilst this approach is not as accurate as if actual census information were available at the Measurement Date, The Actuary is satisfied that it is appropriate for these purposes and in accordance with the provisions of FRS 102. If there have been material changes to the membership profile since the 2021 accounting disclosures then this could have resulted in the approximate approach producing materially inaccurate figures for the purpose of FRS 102.

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

At 31st December	2022	2021	2020	2019	2018
Discount rate Northern Ireland	4.7%	1.9%	1.4%	2.1%	2.8%
Discount rate Republic of Ireland	3.8%	1.4%	0.8%	1.3%	2.2%
Rate of increase in Consumer Price Index Northern Ireland	2.6%	2.7%	2.2%	2.0%	2.2%
Rate of increase in Consumer Price Index Republic of Ireland	2.3%	1.9%	1.1%	1.2%	1.4%
Rate of increase in salaries - Northern Ireland	2.6%	2.7%	2.2%	2.0%	2.2%
Rate of increase in salaries - Republic of Ireland	2.6%	2.7%	2.2%	2.0%	2.2%
Average rate of increase for pensions Northern Ireland in line with CPI	2.6%	2.7%	2.2%	2.0%	2.2%
Average rate of increase for pensions Republic of Ireland					
in line with salary increases	2.3%	1.9%	1.1%	1.2%	1.4%
in line with CPI	2.6%	2.7%	2.2%	2.0%	2.2%
Average expected future life at age 65 for					
Male currently aged 65	22.3	22.3	22.3	22.0	21.9
Female currently aged 65	24.4	24.6	24.6	23.9	23.8
Male currently aged 45	23.6	23.6	23.6	23.4	23.3
Female currently aged 65	25.9	26.1	26.0	25.4	25.4

16.2 Movement In Net Pension Liability During The Financial Year

Notes	€'000 2022	£'000 2022	€'000 2021	£'000 2021
(Deficit) in the plan at the beginning of the year	(169,794)	(142,600)	(156,833)	(141,062)
Benefits paid during the year	3,241	2,763	2,993	2,573
Net transfer (in)/out of the scheme	(17)	(14)	190	163
Current service cost	(10,928)	(9,315)	(8,791)	(7,557)
Other finance (charge)	(2,619)	(2,232)	(1,491)	(1,282)
Actuarial gain/(loss)	58,603	49,951	(5,862)	(5,039)
Difference on currency translation	-	(6,307)	-	9,604
(Deficit) in the plan at the end of the year	(121,514)	(107,754)	(169,794)	(142,600)

	Notes	€'000 2022	£'000 2022	€'000 2021	£'000 2021
Experience gain/(loss)	16.5	(8,883)	(7,877)	(567)	(476)
Gain/(loss) due to currency movements		1,543	1,368	(2,728)	(2,291)
Gain/(loss) on change of financial assumptions		65,943	58,476	(2,567)	(2,155)
Gain/(loss) on change of demographic assumptions		-	-	-	-
Actuarial gain/(loss)		<u>58,603</u>	<u>51,967</u>	<u>(5,862)</u>	<u>(4,922)</u>

The net liability has decreased over the year from a deficit of €170m to a deficit of €121.5m, mainly as a result of corporate bond yields having increased over the period, resulting in significantly increased discount rates and lower resulting liability values. The change in the assumption for mortality has produced slightly lower life expectancies and this has also led to a decrease in the value placed on the liabilities. This combined decrease in the liabilities has been offset by higher-than-expected inflation experienced over the measurement period, impacting the liabilities. (Actual salary increases over the period will be reflected in the liabilities when member by member calculations are next undertaken) and an increase in the estimated service cost for the measurement period as a result of the prospective McCloud remedy.

The impact of unfavorable currency movements, and experience losses arising from membership movements, changes to reflect the updated SPA for Southern alpha members and inflationary experience. During the year employee contributions were received of €814,000 (2021: €745,000) 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 2022	£'000 2022	€'000 2021	£'000 2021
Current service cost		10,928	9,315	8,791	7,557
Other finance income		2,619	2,232	1,491	1,282
Benefits paid during the year		(3,241)	(2,763)	(2,993)	(2,573)
Net deferred funding for pensions	3	<u>10,306</u>	<u>8,784</u>	<u>7,289</u>	<u>6,266</u>

Current service cost		10,928	9,315	8,791	7,557
Other finance income		2,619	2,232	1,491	1,282
Current pension service costs	4	<u>13,547</u>	<u>11,547</u>	<u>10,282</u>	<u>8,839</u>

16.4 Deferred Pension Funding

	€'000 2022	£'000 2022	€'000 2021	£'000 2021
At 1st January	169,794	142,600	156,833	141,062
(Decrease)/Increase in Deferred Funding of Pension Asset	(48,280)	(41,152)	12,961	11,142
Difference on currency translation	-	6,306	-	(9,604)
At 31st December	<u>121,514</u>	<u>107,754</u>	<u>169,794</u>	<u>142,600</u>

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 31st December 2022 amounted to €121.5m (2021 €170m).

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 2022	€'000 2021	€'000 2020	€'000 2019	€'000 2018
Surplus/(Deficit) at 31st December		(121,514)	(169,794)	(156,833)	(131,895)	(112,443)
Experience gain/(loss)	16.2	(8,883)	(567)	(1,408)	1,882	(3,074)
Percentage of Scheme Liabilities		7%	0%	1%	1%	3%

	Notes	STG£'000 2022	STG£'000 2021	STG£'000 2020	STG£'000 2019	STG£'000 2018
Surplus/(Deficit) at 31st December		(107,754)	(142,600)	(141,062)	(112,108)	(100,855)
Experience gain/(loss)	16.2	(7,877)	(476)	(1,266)	1,600	(2,757)
Percentage of Scheme Liabilities		7%	0%	1%	1%	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 into the scheme in the year totalling €17,000.

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 no transfers out of the scheme in the year.

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, and with effect from 1st April 2022, all members of the N/SPS Core Final Salary section and Reserved Rights PCSPS(NI) section ("the legacy schemes") were moved to the N/SPS alpha scheme as part of the McCloud Prospective Remedy. During 2023 a consultation on the Retrospective Remedy will take place with the Remedy to be implemented from 1st October 2023, when eligible members will begin to receive a choice of Final Salary or alpha benefits for the Remedy Period of 1st April 2015 to 31st March 2022.

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 1st January 2022 and then 68 from 1st 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 31st December 2022 has been carried out by a qualified independent actuary (XPS). The actuarial method used for the calculation of the liabilities is the 'Projected Unit' method. A full valuation of the liabilities has not been carried as at the Measurement Date, rather an estimation of the liabilities of the Scheme by updating the results of the 2021 accounting disclosures to allow for the passage of time, the accrual of new benefits for active members, benefits paid out of the Scheme and changes in actuarial assumptions over the period from 31st December 2021 to 31st December 2022.

17. CONTINGENT LIABILITIES

The contingent liability of Waterways Ireland at 31st December 2022 is €1,916,400, (2021 €2,736,000). 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 watermain 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.

The Court of Appeal in the McCloud and Sargeant cases found the transitional protections introduced as part of the 2015 reforms to public service pensions were discriminatory. In response to those judgments, a "prospective" and "retrospective" remedy have been confirmed.

The "prospective" element means that from 1st April 2022 members of the North/South Pension Scheme Core Final Salary and Reserved Rights PCSPS(NI) sections were moved to the alpha scheme in respect of any accrual from that date. The impact of this change on the liabilities has been allowed for in the above disclosures.

The Bodies are currently working with administrators to deal with the "Retrospective" remedy which is to be implemented, from 1st October 2023. This remedy will result in affected members being given a "deferred choice underpin" for the period 1st April 2015 and 31st March 2022. In effect members can select the method of benefit accrual (final salary or CARE in the alpha section) over the remedy period which is most advantageous to them. Until member by member calculations have been completed, the final cost of this remedy is unlikely to be finalised for some time.

No allowance has been made for the Retrospective element of the remedy in the above disclosures. We estimate, on the basis of previous contingent liability notes prepared for each Body, that additional costs for the retrospective remedy will be up to €1,680,000 for this Body as at 31st December 2022 (€2,500,000 – 2021).

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 2022 Business Plan was retrospectively approved by the Sponsor Departments, Finance Departments and the North/South Ministerial Council (NSMC) in December 2022.

DfI implemented contingency arrangements, put in place by DoF to enable the payment of funding to Waterways Ireland in 2022.

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 1st January 2022 – 31st December 2022

20. LOSSES REGISTER

A Losses Register is maintained by Waterways Ireland. Losses recorded during the year amounted to €633,000 (2021 €332,000) and have been incorporated within these accounts where the cost relates to this financial year.

Losses Statement	2022 €	2021 €
Compensation Payment - Public Liability Claims	222,485	226,584
Employee Liability Claims	128,891	31,792
Fruitless Payment	6,687	-
Late Payment of Debt	15,001	1,838
Exchange rate Losses	79,805	51,149
Special Payments - Ex Gratia	31,742	13,292
Stores and Plant Losses	7,511	6,983
Compensation Payment - Departure	140,951	-
Total	633,073	331,639

Employee liability claims in 2022 relates to an employee claim settled in 2022. Compensation payment – departure relates to a claim settled including legal fees.

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 31st December 2022 were authorised to be issued on 20th December 2023 by the Accounting Officer.

ACCOUNTS DIRECTION



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 31st 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;

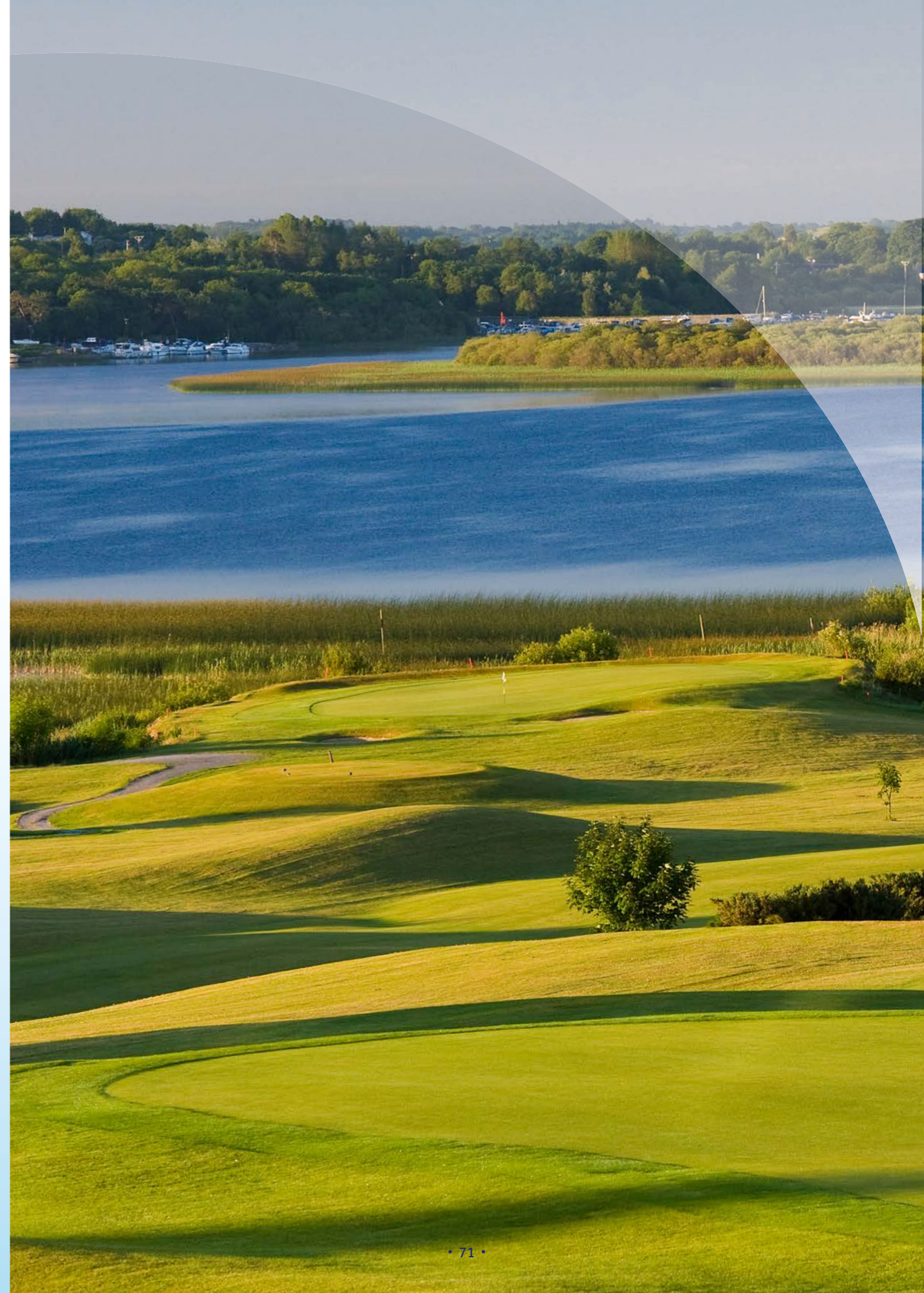
except where agreed otherwise with Finance Departments, in which case the exception shall be described in the notes to the accounts.

Signed by authority of the Department for Infrastructure

Peter May
29 June 2018

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

Kathleen Licken (Secretary General)
28 June 2018





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