

Annual Report and Accounts


Waterways Ireland
Uiscebhealaí Éireann Waterways Airlann

2018



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Chief Executive's Foreword

It has been a privilege to be the second Chief Executive of Waterways Ireland, a role I will leave at the end of January 2019.

As an organisation we look after some of the island's most valuable outdoor recreation resources and as an all island body have a clear challenge to demonstrate that working together we can deliver more for people across the island than working separately.

The past five years have been challenging, a change in focus, moving from our customers being primarily boat owners to a much broader customer base and new opportunities for growing use of the waterways.

Thanks to the skills and experience of our operational teams, despite greatly reduced funding, we have been able to respond to infrastructure failures, commenced lock gate manufacture and replacement, and maintained the hundreds of recreational and amenity sites across the waterways. We have reduced overhead costs, slimmed down the senior management team and recognised that seasonal staff make a valuable and cost effective contribution to our operations.

The Inspectorate team supported by their colleagues in Operations have increased the focus on bye-law compliance and we have advanced new bye-laws.

We have managed through too much water and damaging flood conditions to too little water last summer. We have diversified use of the waterways through Blueways and attracted new users for walking, canoeing and cycling.

In 2019 the longest off-road cycleway along the Royal Canal from Maynooth to Clondara, will be nearing completion, thanks to the efforts of staff from right across the organisation.

We have sustained development through attracting third party funding for projects on our waterways, Acres Lake Boardwalk at Drumshanbo, to the development of the Lower Bann which will host the European Coarse Angling Competition 2019, to development of towpaths and facilities across the waterways.

At the core of Waterways Ireland's work in sustaining the natural and built heritage assets of the waterways, we have found new ways to use some of our derelict lock houses, bringing new life and a future into these buildings, such as the community group's use of the former lock keepers cottage at Lock 1 on the Royal Canal which is now an outdoor activity centre. In 2018, the Department of Culture, Heritage and the Gaeltacht (DCHG) provided additional capital funding of €1.6 million, which has been ring-fenced for critical repairs to Meelick Weir.

We have developed our Heritage Scheme which directly engages with a wide range of partners and communities on the waterways, and involves thousands of people annually in celebration and care of the waterways.

In 2018, the Body brought 21st century mapping to the waterways with Google Streetscape for the Shannon; for the generation who search for information on their mobile phones.

The Body hosted the World Canals Conference in Athlone in September, attracting 48 speakers from around the world and welcoming over 300 delegates to visit and view the magnificent work Waterways Ireland do along the waterways.

An increase of 574 boat registrations saw boat numbers grow to 15,539 in 2018. Lock passages also increased on the Shannon from 44,587 in 2017 to 45,298 in 2018.

We face multiple challenges on the canals to find sufficient resources to repair, pump water, cut weeds and remove litter to a standard that their use is not an arduous journey for a boat owner. But I am confident the organisation has the talent and expertise to continue development of these important assets.

In closing I want to thank everyone across the organisation in every position and role for their work and support in the care taken daily to ensure Waterways Ireland delivers a valuable and worthy contribution from the investments made by the two governments North and South in the Body.

The Body is entrusted with delivering opportunities from the waterways for our communities, our young people, local businesses large and small, opportunities to create new business and support existing businesses through bringing visitors to the waterways. We need to do this while protecting and sustaining the waterways and their unique built and natural heritage for the next generation.



Dawn Livingstone
Chief Executive



Annexe to Foreword

It is a privilege to join Waterways Ireland as Acting Chief Executive effective mid-April 2019. I would like to take this opportunity to offer former CEO Dawn Livingstone my best wishes for the future following her many years of service with Waterways Ireland.

I have completed my first 30 days using the time to meet as many Waterways Ireland staff as possible across the wide breadth of the geographical span including Scarriff, Portumna, Carrick-on-Shannon, Dublin and Enniskillen. The balance of my time has been spent learning through immersion of content and materials and importantly engaging with staff in small groups at each location.

It is clear there is tremendous pride within the Waterways Ireland team. We share a passion for the wonderful waterways environment which we hold in custodianship for present and future generations. The brief for Waterways Ireland is evolving as development of the navigable waterways is also augmented by investment to encourage and facilitate new users of all demographics whether these be boaters, anglers, canoeists, walkers, runners, cyclists or canoe polo players. In this regard, the support we receive from our Sponsors - Department of Culture Heritage and Gaeltacht in Ireland and Department of Infrastructure in Northern Ireland – is invaluable. Similarly, we enjoy excellent relationships with many of the local authorities and other bodies such as Fáilte Ireland and the National Parks and Wildlife Service. There is evidence of a collaborative spirit across our partnerships – all working together to compound resources and deliver better outcomes.

Externally there are known challenges including Brexit but the macro perspective highlights global growth in health-improving activities; an increasing share of preference by tourists in choosing to visit the island of Ireland; and presently in Ireland above average economic growth. It is a time of opportunity and the vision must be to accelerate Waterways Ireland's evolution to capture these positive sentiments.

Underpinning this growth path for Waterways Ireland is the imperative of longer term thinking and planning. We have a portfolio of diverse assets, in many cases, with long economic life cycles. Our capital development projects have a long lead time through the development and planning pipeline before any physical work commences. The investment in Meelick currently commencing in May 2019 has been almost three years in its regulatory planning; project procurement; and preparation stages. The key component of a longer term vision is a forward-looking strategic plan stretching beyond the normal three-year Corporate Plan. We must move away from the short termism of one-year business plans to a multi-year business planning framework which will enable us to future-proof the Body.

Finally, despite the many current challenges and inevitable turbulence I see much upside in the future for Waterways Ireland as we accelerate along our journey with the benefit of continued support from our staff; our sponsors; and our partners.

A handwritten signature in black ink that reads "John McDonagh."

John McDonagh
Chief Executive Officer (Acting)

Part 1

- **The Role of Waterways Ireland**
- **Our Strategy**
- **Our Key Performance Indicators**
- **Working in Partnership**

The Role of 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. The 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.

At the end of 2018 there were 314 staff employed by Waterways Ireland, located in a number of offices and depots close to our inland waterways.

What we do

We are the navigation authority responsible for approximately 1,000km of navigable waterways, comprising:

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

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

At an operational level, we have responsibility for navigation channels, embankments, culverts, aqueducts, towpaths, adjoining lands, harbours, jetties, fishing stands, bridges, locks, weirs, sluices, lock houses, along with buildings and archives. Our work programmes are critical to providing a safe and high quality recreational environment for our customers, whilst also preserving the industrial and environmental heritage of the waterways for future generations. These challenges must be balanced with our objective of increasing recreational activity across all our waterways.

How we operate

As a cross-border Body, we operate under the policy direction of the NSMC and the two Governments, and are accountable to the Northern Ireland Assembly and the Houses of the Oireachtas. At an administrative level, we report to our Sponsor Departments, the Department of Culture, Heritage and the Gaeltacht (DCHG) in Ireland and in Northern Ireland our Sponsor Department is the Department for Infrastructure. In the absence of a Northern Ireland Assembly and therefore no NSMC Waterways Ireland has delivered the first two years of the draft 2017-19 Corporate Plan as agreed with its Sponsor Departments.

Funding is provided by grants from money voted by the Northern Ireland Assembly and the Houses of the Oireachtas. 15% of current or operational funding is provided by the Assembly in Northern Ireland, and 85% by the Irish Government, reflecting the current distribution of waterways in each jurisdiction. Capital development programmes are funded separately by the jurisdiction where the works are carried out.

In 2018, the Department of Culture, Heritage and the Gaeltacht (DCHG) provided additional capital funding in year of €1.6 million, which has been ring-fenced for critical repairs to Meelick Weir which is expected will cost in excess of €3 million.

Our operational performance targets are agreed with both Sponsor Departments, and we report against these targets on a quarterly basis. Waterways Ireland's Accounts are audited externally by the Comptrollers and Auditors General 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.

Management of the Navigational Network

Our headquarters is based in Enniskillen, Co. Fermanagh with regional offices and depots located throughout the navigational network.

Northern Regional Office, Carrick-on-Shannon, Co. Leitrim

The Northern Region includes the Lower Bann Navigation, the Erne System and the Shannon-Erne Waterway.

Western Regional Office, Scarriff, Co. Clare

The Western Region comprises of the Shannon River and its associated lakes and tributaries, stretching from Lough Allen to the Shannon Estuary at Shannon Bridge in Limerick City.

Eastern Regional Office, Dublin

The Eastern Region consists of three navigations, the Royal Canal, the Grand Canal and the Barrow Navigation.

Our Strategy

The 2017-2019 Corporate Plan set out a road map to ensure the inland waterways are developed and managed to expand the recreational, social, health and economic benefits their use can provide.

The goal is to increase the use of these national treasures to provide high quality recreational amenities, well used by all the people who live near the waterways, while also attracting increasing numbers of visitors, bringing jobs, creating new businesses, sustaining existing businesses, and delivering prosperity.

At the core of the plan is delivery of maintenance and active management of the waterways. Many of the navigation features are now over 200 years old and are in need of significant investment, we will continue to focus on ensuring public safety, then water control, and investment in critical condition infrastructure in areas of greatest use.

Key programmes include the development of the canal network towpaths. Reimagining the waterside sites throughout the 1000 km of navigation for new activities such as motorhome amenities; to researching the potential of a pilgrim way exploring Christian heritage and facilitating a deeper understanding of the country's historic past.

We also want to celebrate and engage people in the waterway heritage and unique natural environments to ensure we treasure and sustainably manage the resources for future generations to enjoy.

Our Vision is.....

“Delivering vibrant and living waterways now and in the future”.

Our Strategic Business Objectives are to:

1. Increase use of the inland navigations by 4% per annum over each year of the Corporate Plan.
2. Deliver a prioritised management and maintenance programme for the waterways concentrating available resources on the areas of greatest need and benefit.
3. Deliver a prioritised programme of infrastructural repairs focused on structures in a critical condition in places of greatest use.
4. Continue to form partnerships and seek third party investment into development of the canal towpaths and key waterway locations to provide new recreational opportunities and uses for the inland waterways that support sustainable economic and social benefits.
5. Continue to develop partnerships on each of the waterways with local communities, waterway user groups and tourism and recreational bodies to support the operation, upkeep, increased use and promotion of the inland waterways.
6. Implement an ongoing efficiency and effectiveness programme to continue work to achieve new ways to do business with reduced resources.
7. Continue to develop opportunities to earn increased income from the inland waterway property to support operation of the inland waterways.
8. Sustain and enhance the natural and built heritage of the inland waterways to protect and enhance these key public assets for use now and by future generations.

Our Key Performance Indicators

The performance indicators report detailed below demonstrates our key delivery outputs in 2018.

Action Reference	2018 Business Plan Key Performance Indicators	Key Outputs
Strategic Business Objective 1		
Delivering World Class Waterway Corridors		
1	<ul style="list-style-type: none"> • Deliver a prioritised infrastructure and maintenance programme focused on areas of greatest use and benefit. 	<ul style="list-style-type: none"> • Critical infrastructure repair programmes are ongoing throughout the navigations.
2	<ul style="list-style-type: none"> • Keep 90% of navigable waterways open to navigation from mid-March to October. 	<ul style="list-style-type: none"> • Navigations were kept open and available for use with the exception of the summit levels on the Royal and Grand Canals which were closed from July due to a combination of lack of water and associated weed growth.
3	<ul style="list-style-type: none"> • Complete 50% of priority principal asset inspections for culverts. 	<ul style="list-style-type: none"> • 100% of culvert general inspections completed. 32 identified critical, 12 identified unsafe condition and principle inspections completed. 6% of this asset class categorised unsafe condition.

4	<ul style="list-style-type: none"> • Complete the redevelopment of the Royal Canal towpath and complete development of 25% of the Grand Canal towpath. Support any queries ref. Barrow towpath development planning application. 	<ul style="list-style-type: none"> • Maynooth Harbour to Chambers Bridge complete and opened on the Grand Canal. • Confey to Maynooth cycle route (9 km), Atkins consultant undertaking detailed design and documents for tender; on hold due to review of route by NTA. • Maynooth to Ferns (10 km), substantially complete and opened to public. • Hazelhatch to Robertstown future cycle upgrades – Kildare County Council taking to Planning stage. • Royal Canal Rural – National Cycle Network funded development Kilmore Bridge to Moyvalley ongoing. • Cycle Paths – Dublin City Council area (8 km): Phase 2 Sheriff Street – Newcomen, contractor to be appointed. Phase 3 Newcomen - Phibsboro, licensing arrangements being finalised; Phibsboro - Ashtown planning permission granted, being advanced to tender stage.
5	<ul style="list-style-type: none"> • Achieve good ecological potential within our canals and actively participate in the Water Framework Directive (WFD) monitoring programme. 	<ul style="list-style-type: none"> • 2018 monitoring programme completed. WI participating WFD as led body for canals.
6	<ul style="list-style-type: none"> • Develop, manage and monitor Bye Law compliance for each waterway. 	<ul style="list-style-type: none"> • Promotion of bye-law compliance continued with enforcement of the 5-day maximum stay rule for public mooring throughout the Shannon navigation. Enhanced enforcement was successfully carried out during 2018.
<p>Strategic Business Objective 2 Transform quality of life and Reinvigorate local Rural and Urban Economies</p>		
7	<ul style="list-style-type: none"> • Complete and promote a Blueway product on the Royal Canal, Erne Navigation, Shannon and Shannon-Erne. Develop Blueway proposals for the Lower Bann. 	<ul style="list-style-type: none"> • A Royal Canal Greenway product development audit has been completed to inform delivery of the Greenway as new recreational product for 2020. WI working with all local authorities on route to deliver. • Waterways Ireland is co-ordinating a steering group of local authorities along the route of the Grand Canal and has submitted an application under the Greenway Strategy for the Grand Canal Greenway.
8	<ul style="list-style-type: none"> • Deliver the Grand Canal Dock and Spencer Dock Action Plans to increase their use. Progress the 12th to 12th lock city cycle loop development, implement the Dock mile and develop the range of events and canal festivals. 	<ul style="list-style-type: none"> • Work is ongoing in the delivery of the first 3 agreed projects as part of Waterways Ireland’s Strategic Partnership with Fáilte Ireland - the development of Dublin City Canal Greenway.

9	<ul style="list-style-type: none"> Secure funding and commence work on Grand Canal Dock lock gate refurbishment with a view of completing in April 2019. Determine strategic plan for City Block 19. 	<ul style="list-style-type: none"> Lock gates in Grand Canal Dock critically failed and are operational with external mechanical assistance and divers to reseal. Work commenced to install stop log and drain gates, first step in preparation for replacement. Formal Strategic Plan for City Block 19 is ongoing.
10	<ul style="list-style-type: none"> Sustain and expand existing programmes to grow increased use of the waterways to include Blueway 10k, Get Going Get Rowing, Schools Active, Paddles Up and open water swimming couch to 5k, running country wide programmes with more than 1,000 people annually learning a new water sport. 	<ul style="list-style-type: none"> In 2018 the events programme awarded 178 events with support resulting in 36,000 participants and 175,000 spectators enjoying the waterway experience, many for the first time. The Paddles Up programme took place on 6 different locations in 2018 with over 1741 participants, growing from 328 in 2017. The Triathlon events proved a great success in 2018 with over 23,560 participants across all events, a significant increase on the 1,460 in 2017. Rowing Ireland seen 15,860 children out on the water in various rowing events in 2018, up from 12,600 in 2017. This has encouraged Rowing Ireland to enter into a Strategic Partnership with Waterways Ireland in 2019 and have also introduced an educational element to their programme for forthcoming year. There were 4 open water swimming events held on the inland waterways.
11	<ul style="list-style-type: none"> Successfully host the 2018 World Canals Conference in Athlone in September attracting over 400 delegates including international visitors and professionals. 	<ul style="list-style-type: none"> Waterways Ireland successfully co-hosted the Conference and welcomed over 320 delegates to our waterways over the 9 days of pre and post tours and conference.
12	<ul style="list-style-type: none"> Complete development of Phase 1 of Ulster Canal navigation to Castle Saunderson and open in May 2018. 	<ul style="list-style-type: none"> Works at Derrykerrib are complete. Planning approval for moorings at Castle Saunderson granted.
13	<ul style="list-style-type: none"> Successfully deliver year 2 of the 22km Greenway development along the Ulster Canal from Smithborough, Co. Monaghan to Middletown, Co. Armagh. 	<ul style="list-style-type: none"> Work progressed to programme.
<p>Strategic Business Objective 3 Bring to life Environmental and Heritage Value.</p>		
14	<ul style="list-style-type: none"> Deliver Year 3 of the Waterways Ireland Heritage Plan successfully. 	<ul style="list-style-type: none"> Waterways Ireland Heritage Day took place in December in Mullingar and all Heritage Plan actions continued to be progressed.

15	<ul style="list-style-type: none"> • Implement Year 1 of the Invasive Species Strategy and Biosecurity Framework. 	<ul style="list-style-type: none"> • Due to level of capital works requiring appraisal, assessment of this project is delayed but commenced.
16	<ul style="list-style-type: none"> • Support the work of the Lough Erne Landscape Project to deliver opportunities which promote the heritage value of Lough Erne. 	<ul style="list-style-type: none"> • LELP were awarded a Heritage Lottery Grant of £3.3m. Waterways Ireland has been awarded project funding to improve access to a number of key island heritage locations.
17	<ul style="list-style-type: none"> • Sustain the Waterways Ireland Educational Programme and promote use of the Young Explorers programme to 200 participants. 	<ul style="list-style-type: none"> • Waterways Ireland has successfully developed and launched: <ul style="list-style-type: none"> • New Waterway Nature Navies Programme and • Island Explorers Programme.
<p>Strategic Business Objective 4</p> <p>Let's Deliver</p>		
18	<ul style="list-style-type: none"> • Commence negotiations and implementation of workforce planning. 	<ul style="list-style-type: none"> • Overall workforce planning project on hold at this time.
19	<ul style="list-style-type: none"> • Develop artisan skills in key areas such as canal lock gate manufacturing to provide knowledge transfer as staff retire. 	<ul style="list-style-type: none"> • Ongoing 6th lime mortar and conservation training delivered for staff who commission heritage structure repair works.
20	<ul style="list-style-type: none"> • Continue to secure 3rd party funding to enable the delivery of development works from at least 3 sources in year. 	<ul style="list-style-type: none"> • EU funding with partners in Europe and Canal and River Trust UK for the Green Win project, which examines ways to reduce water pumping costs has been awarded. • €117k Tipperary County Council for harbour wall extension. • Waterways Ireland submitted applications under Urban and Rural Regeneration and Development Scheme for: Ulster Canal, Tullamore Harbour in conjunction with Offaly County Council and Dublin Grand Canal projects with Dublin City Council. • Greenway Strategy – The Body submitted an application for the Grand Canal Greenway. • Outdoor Recreation Infrastructure Scheme 2018. Successful projects included: <ul style="list-style-type: none"> • Shannon Blueway Phase 3, Acres Lake to Lough Allen (€307k) • Belturbet to Lock 1 Corraquil towpath development (€500k) • Belturbet to Lock 1 Corraquil, recreational trail (€500k)

21	<ul style="list-style-type: none"> Develop and deliver a proposal to improve record keeping and access to documents for H&S management. 	<ul style="list-style-type: none"> Ongoing as part of Ayton recommendations delivery – improvement in use of existing Core system have been implemented and new H&S Core module now available.
22	<ul style="list-style-type: none"> Deliver annual procurement plan to increase value for money in key expenditure areas achieving a 5% reduction in costs. 	<ul style="list-style-type: none"> Procurement Plan being developed.
23	<ul style="list-style-type: none"> Complete transition to online payments for all cash transactions by December 2018. 	<ul style="list-style-type: none"> Pilot of Lock passage transition to cashless payment complete. Dual system ongoing for 2019.

Working in Partnership

Waterways Ireland undertake all its functions by working very closely with many public, private, community and voluntary sections. This contribution is vital to the enhancement of our objectives and we wish to thank all our 'partners' who have helped us in this regard.

Our Sponsor Departments, tourism bodies, funding bodies, Local Authorities and LEADER funded organisations make a huge contribution to our outcomes for 2018. Our interaction with private sector organisations increased significantly in 2018, whether it be 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 a vibrant and living waterway and they along with the many voluntary organisations are very important players in realising the full potential of the inland waterways.

Part 2

Our Strategic Performance

- **Maintaining World Class Waterway Corridors**
- **Safeguarding our Environment and Heritage**
- **Increasing Public Participation and Unlocking Opportunities**
- **Ulster Canal**
- **Ulster Canal Greenway**
- **Education and Legacy**
- **World Canals Conference**
- **Growing our Income**
- **Corporate Governance**

Our Strategic Performance

Maintaining World Class Waterway Corridors

Since its inception, Waterways Ireland has invested in creating world class amenities on the inland navigations in Ireland. These amenities are enjoyed daily by walkers, cyclists, canoeists, cruisers and people who just want to enjoy the scenic and tranquil surroundings of being on or beside water.

The Body manages €1.4bn (Cost) of navigation assets; hundreds of bridges, culverts, miles of back drains, aqueducts, embankments, carparks and amenity sites. These assets, many of them over 200 years old require the constant effort and skill of Waterways Ireland's Operational and Technical teams to maintain. Waterways Ireland continued work to implement an asset management system and in year, for the first time, completed inspections of culverts on the Grand Canal and Barrow with 7.6% found to be in critical condition and in need of urgent repairs. In addition to planned works the Body continued to respond to emergency failures including significant damage sustained at Leinster Aqueduct through a number of bridge strikes, and damage caused by winter flooding. The Body's ability to respond at short notice is due to having a full range of in-house engineering skills and experienced operational staff who can quickly design works and get on site.

The Body faces many challenges in operation of the canals and is failing to meet the works required to keep the canal navigations properly functional to a high standard due to a lack of resources to dredge, repair, pump water, cut weed, remove litter and impediments to boat use. This has been further exacerbated in 2018 with a shortage of water. While all bar the summit levels were open in 2018, boat users face an arduous journey. As we have developed the towpaths a bonus to this development has been reconstruction of the canal banks and improved water retention. However, there is still work to do to develop the canals to their full potential.

2018 will be remembered for its winter start to the year and dry summer. The start of the year brought significant flooding. Waterways Ireland staff worked hard responding to bank failures and managing flood waters to ensure public safety and protection of property and land. Limerick was amongst a number of locations which experienced substantial damage to jetties. Management of water on the navigations is a key element in their care and operation. The extreme dry summer resulted in unprecedented low water levels throughout the navigations, particularly on the canal network. The Body continues to work closely with Irish Water and Westmeath County Council regarding water pumping for the Royal Canal. Lough Owel, the primary water source for the Royal Canal, is also a source for mains drinking water and the bodies work together to balance all of the interests. Regrettably there was insufficient water to maintain navigation on the Royal and Grand Canals summit levels and the low water levels contributed to increased aquatic weed growth.

The Body responded to the Department of Housing, Planning and Local Government regarding proposed water abstraction licensing which as proposed at consultation could jeopardise traditional water supplies for the inland waterways network.

Thanks to additional support from the Department of Culture, Heritage and the Gaeltacht Waterways Ireland was able to order and take delivery of four new Conver weed cutting boats and one new Berkenheger weed harvester, commencing replacement of the fleet of seven Wilder weed cutting vessels which are over 20 years old.

A significant water leak, outside of Waterways Ireland's control was sustained in Grand Canal Dock in May. The low levels experienced were further exacerbated by the dry weather, and did not recover fully until mid-October. The Sea Lock gates were sealed by divers to mitigate any further water loss, so navigation through the Sea Lock was not possible over this period.

2018 saw the continuation of the lock gate manufacture and installation programme throughout the navigations. Installation of new lockgates took place at the following locations in the Eastern Region 15th Lock Breastgates and 17th Lock Breastgates on the Royal Canal, 20th Lock Breastgates on the Barrow Line, 3rd Lock Breastgates and 4th Lock Deepgates on the Naas Branch of the Grand Canal. Manufacture of lockgates for the canal network in the Eastern Region continued in Tullamore Workshop. On the Lower Bann, selected timbers from the old lock gates were re-used for public seating on the Portna towpath.

The programme of lockgate replacement on the Shannon continued with the completion of the installation of new lockgates at Rooskey and Victoria Lock.

Jetty replacement, targeting critical condition moorings, continued throughout the year across the navigations.

A number of sites have been enhanced, including at Keshkerrigan on the Shannon-erne Waterway where the amenity and harbour site have been redeveloped by Waterways Ireland staff to improve the facilities. The transfer of a works shed with office/storage from Inland Fisheries Ireland opens the opportunity for developing this as a potential recreational activity hub for activity providers.

The small team of navigation inspectorate staff patrolled the waterways throughout the year to ensure use of the public facilities provided by Waterways Ireland were in accordance with the bye-laws for each navigation. A key success in 2018 was enhanced enforcement of the 5-day maximum stay rule for public moorings on the Shannon navigation to alleviate harbour hogging during the boating season. Excellent feedback was received from the Irish Charter Boat Rental Association and private boat owners. The Body continued to remove vessels continually in breach of the bye-laws.

On the canal network Waterways Ireland continues to focus bye-law compliance on key areas, which in 2018 were Grand Canal Dock and Shannon Harbour.

Waterways Ireland welcomes the passing into legislation of the Heritage Bill which contained a section on Canal Bye-laws placing in primary legislation a number of areas Waterways Ireland is seeking to change in the Canal Bye-laws. Waterways Ireland has submitted revised Bye-law changes to the Department of Culture, Heritage and the Gaeltacht for consideration in light of the Heritage Bill and will bring these forward for public consultation in 2019.

Waterways Ireland also continued to support the Department for Infrastructure in completing the changes proposed to the Lough Erne Bye-Laws to bring these into use.

Waterways Ireland continued to contribute to the Shannon Flood Risk State Agency Co-ordination Working Group and assisted the OPW in the delivery of on-water work at Madden's Island.

Design for a new depot site to relocate the existing works base in Tullamore Harbour progressed through 2018. Waterways Ireland has been working with Offaly County Council to create plans to redevelop and animate the historic harbour site for recreation and visitor use.

In August 2018 a newly designed bridge was erected at the Tullamore Depot.



New bridge at Tullamore Depot

Following the untimely and tragic death of an employee at the end of 2017, Waterways Ireland considered options to introduce a Lone Worker monitoring service on either staff mobile phones or other devices to offer a level of personal protection for our staff working on the navigations. These options will give 24/7 cover and a reassurance that a call centre is available if needed. The final option will be rolled out early 2019.

Safeguarding our Environment and Heritage

The Body has continued to seek ways to use the unique built heritage of the waterways. Major renovation work by the Adventure Project throughout 2018 has transformed the former Lockkeepers Cottage at Lock 1 on the Royal Canal to create an excellent multi-functional space. The Adventure Project has made great links with the local residents to encourage young people from the area to get on the water as well as creating a neighbourhood watch to help protect the cottage.

Funding was received from the Structures at Risk Fund to undertake works on Clondra Lockhouse, an Omer Lockhouse which is a protected structure. Works included the provision of a new lime render to all external walls and work to the roof and guttering. The works have ensured that the building is now water tight and plans to make use of the building as a recreational resource can be progressed.



Clondra Lockhouse

Waterways Ireland continued the delivery of its Heritage Plan 2016-2020. 19 projects were supported in 2018 through the Community Grant Scheme, which has a fund of €20,000 to assist local community groups to deliver sustainable heritage projects. Over 7,700 individuals engaged with the projects with others using online platforms such as websites or social media. The Grant Scheme covered a diverse range of innovative and inspirational ideas including using digital media to capture the built, natural and cultural heritage of the River Barrow; collation and presentation of existing heritage records for the Ticknevin to Tullamore section of the Grand Canal to provide a more holistic sense of the heritage landscape; re-enactment of heritage boats bringing their wares to the Olde Tyme Market on Lough Erne; and reconnecting young people in Limerick with a lost part of their waterways heritage using music. The projects were showcased at the Heritage Open Day in December in Mullingar, Co Westmeath.

Waterways Ireland was one of six partners, led by the Canal and River Trust (UK) which secured Interreg funding for a Green WIN project. The project is aimed at reducing carbon emissions from the management of inland waterways and involves the installation of more efficient “green” pumps at four trial sites across the navigations. The project commenced in Autumn 2018 and will run for 36 months.

Plans to develop a Pilgrim Trail along the entire length of the Shannon, Shannon-Erne and Erne waterway systems progressed during 2018.

On the Erne System, Waterways Ireland began discussions with the Forestry Service to explore opportunities to reinstate and develop walkways on Crevinishaughy and Inishmacsaint Islands for visitors. Opportunities to enhance the visitor experience on Devenish were also explored.

Waterways Ireland continues to support the work of the Lough Erne Landscape Partnership (LELP). The LELP Programme will deliver 23 projects between 2018 and 2023.

Waterways Ireland continued to work with Irish Water and Dublin City Council regarding water quality in Grand Canal Dock and welcome the progress made in 2018, with Dublin City Council and Irish Water committing investment to development of a planning approved solution and associated environmental studies to address the storm water overflow in the Dock.

Increasing Public Participation and Unlocking Opportunities

During 2018, Waterways Ireland continued to focus on increasing use of the inland waterways to create new business opportunities and jobs as well as sustaining existing businesses.

The 2018 Marketing Campaign involved an inspirational Spring and Autumn campaign, targeting families and great escapers. The primary objective was to build an understanding of the ease, flexibility and accessibility of waterway experiences.

The campaign was delivered through radio, press, digital including blogs, website takeover, competitions etc

One of the outdoor broadcasts delivered the following results -

- Total audience reached: 1,978,020
- Social reach: 90,230
- Total average value is €63,038

The return has increased domestic cruise hire bookings. Feedback from the trade indicated that they witnessed a noticeable lengthening of their shoulder seasons, leading to increased business and seasonal employment.

The Body contributed to the Department of Transport, Tourism and Sport's "Strategy for the Future Development of National and Regional Greenways" which was launched by Minister Shane Ross and Ministers of State Griffin and Moran in July 2018. The Strategy recognises the benefits that can arise from the development of Greenways in Ireland, as a tourism product with significant potential to attract overseas visitors, for local communities in terms of economic benefits, and for all users as an amenity for physical activity and a contributor to health and wellbeing.

Ireland's Hidden Heartlands, a new tourism brand of Fáilte Ireland was launched in April and aims to build on the tourism industry around the Shannon River. The River Shannon will be a central focus of the brand with a Shannon Master Plan currently being developed by Fáilte Ireland in partnership with Waterways Ireland to drive tourism opportunities both on and off the water, and in the towns surrounding it.

Extension of the Blueway network on the inland navigations continued throughout 2018 with the launch of the Lough Derg Blueway in March. The Lough Derg Blueway offers 160 km of paddling trails around the shore of Lough Derg, which includes 21 individual Blueway designated paddling journeys. The on-water trails are complemented by a wide and varied land-based visitor experience, offering a rich glimpse into the region's culture and cuisine, heritage and hospitality, together with numerous walking and cycling routes such as the 180 km East Clare Way, a way marked loop which starts and ends at Killaloe.

In a post-project evaluation, most respondents (70%) recorded that the Lough Derg Blueway brand was a success for their product offering. 71% recorded that the volume of their overall business in 2018 was up on 2017 with 82% projecting that 2019 will be up again. Based on the overall job numbers recorded, there is an indication of an increase of 6.5 jobs in the region during the first season of the Lough Derg Blueway.

Waterways Ireland has been developing the Royal Canal towpath for a number of years in partnership with the local authorities along the route as third party funding becomes available. 95 km of the 144 km corridor from Spencer Dock in Dublin City to Richmond Harbour in Clondra, Co Longford has been upgraded, with a further 30 km under construction at the end of 2018. In 2018, the Body set up a Stakeholder Group comprising Longford, Westmeath, Meath, Kildare, Fingal County Councils, Dublin City Council and Fáilte Ireland to take forward activation and launch of the Royal Canal Greenway in 2020. A series of capacity building workshops were held during the summer in Mullingar, Longford and Maynooth to introduce the Greenway product to service and activity providers along the route and to equip them with the information they need to take advantage of the opportunities the Greenway will create.

The Blueway Activity Hub was launched in Mullingar Harbour in July 2018 and successfully hosted the first ever Canoe Polo Junior Development Programme National Training Camp in September for 75 junior players. A weekly Park Run starts in Mullingar and two new bike hire companies operate from Mullingar.

Work to develop a Grand Canal Greenway from Grand Canal Dock to Shannon Harbour in Co Offaly also commenced in 2018 with a Stakeholder Group comprising Waterways Ireland and Offaly, Kildare and South Dublin City Councils. An application for funding under the Greenway Strategy was developed and submitted in November 2018.

Extension of recreational trails along the Shannon-erne Waterway progressed with funding secured under Outdoor Recreation Infrastructure Scheme to develop two trails from Ballyconnell to Bellaheady Bridge along the Woodford River and Leitrim Village to Kilclare. 80% funding was secured under the Scheme to create 5.5 km of additional recreational trail from Ballyconnell to Bellaheady Bridge. Waterways Ireland and Cavan County Council will provide the match funding. Work is continuing to further extend trails from Belturbet to Lock 1 Corraquil and from Aghoo Bridge to Lock 4, also part funded by 3rd party partnerships.

Waterways Ireland in partnership with Carlow and Kilkenny County Councils' Local Sports Partnerships secured funding through Sport Ireland funding to deliver waterways adventure programmes on the Barrow Navigation. The programmes will target disadvantaged young people to encourage and enable increased participation on the waterways.

Activity hubs offering on and off-water activity operated in Carlow, Mullingar and Enniskillen during summer 2018. Following feedback in 2017, the Activity Zone in Enniskillen was relocated to a more visible location close to the town centre. Activities on offer included kayaking, canoeing, stand up paddle boarding, and day boat hire and the new site has proven very successful for the activity providers.

Waterways Ireland continued to work on securing planning approval to upgrade the Barrow towpath and develop a Greenway/Blueway along the 114 km of this navigation and link the towns, villages and key attractions along this beautiful river. Parts of the towpath need structural repairs to keep them intact, the development plan would address this and also improve the surface on paths which prove difficult to use in wet weather or for people with mobility issues. The development of this towpath would create a long distance off-road walking and cycling trail from Dublin, with potential to link eventually to Waterford.

The Body agreed a strategic partnership with Fáilte Ireland to identify and develop tourism projects of a capital nature which will attract and enhance the visitor experience on and along the waterways and their corridors. Projects identified include

- A Tourism Master Plan for the Shannon, including development of Activity Hubs;
- The feasibility of a Dublin Greenways initiative created along the Royal and Grand Canals. The '12th to 12th Outer Loop' would exceed 40km while the 'Inner Loop', linking in the Phoenix Park would exceed 20km;
- A Tourism Master Plan for Grand Canal Dock including considering the tourism potential for a Floating Market, the Dock Mile around the outer dock and a Boardwalk from Grand Canal Train Station to Bolands Mill in the inner dock.

The Events Programme provides an opportunity to achieve a significant and sustained growth in engagement with rural and urban communities and businesses along the length of the navigations. Based on post event reports received, the events in the 2018 programme attracted some 200,000 additional visitors to the inland waterways and contributed over €8.5 million to the rural, local and national economy. Strategic partnership opportunities accounted for €68,400 of funding and these events were administered through the Events Programme system for reporting and audit purposes. The remaining events were supported to the value of €138,600.

The Get Going Get Rowing Blitzit took place in April, with over 300 young girls from secondary schools throughout Leinster participating in a Rowing Regatta in Grand Canal Dock. This six-week programme in partnership with Rowing Ireland introduced the students to a new sport and pathway for life through rowing. The initiative received great media coverage in paper, on RTE News Now and engaged schools and the local community in rowing.



Get Going Get Rowing Blitzit

The Tall Ships Regatta sailed into Dublin Port during June, the first time Dublin had hosted a Tall Ships event since 2012. The event focused on maritime activities including sail training opportunities and water based activities in the Dublin Docklands area.

During summer 2018, Google Trekker toured the River Shannon from Lough Allen to Loop Head. The data gathered represents the first such water-based collection of imagery on the island of Ireland. It showcases the diverse landscape and heritage of this navigation. The application to access the Google Trekker Loan Programme was made under the Waterways Ireland Heritage Plan 2016-2020 and the work was carried out by Waterways Ireland staff. A strategic partnership to capture the Shannon Estuary was also forged with Clare County Council to extend the project beyond Waterways Ireland jurisdiction and ensure the full Shannon to Loop Head was captured. The Google Trekker footage of the Shannon River is live on Google Maps and can be viewed in satellite view and map view.

The Lower Bann was highlighted on RTE's Tracks and Trails with Cork All-Star Anna Geary walking from Lough Neagh to Coleraine.

Boat passages on the Shannon Navigation increased once again in 2018 to 45,298 up from 44,587 for the last two consecutive years and the numbers of registered boats on the Erne, Shannon and Canals systems grew from 14,965 in 2017 to 15,539 in 2018.

Ulster Canal

In 2018, navigation was created to link Lough Erne to the International Scouts Centre at Castle Saunderson in Co. Cavan. Works included the building of a new bridge and canal channel at Derrykerrib, Co. Fermanagh, providing navigation around the existing old Derrykerrib bridge, which was too low for navigation. Cavan County Council have obtained planning approval for new moorings at Castle Saunderson and Waterways Ireland will complete this work in 2019.

Ulster Canal Greenway

Waterways Ireland continues to lead the partners in delivery of this 22 km of Greenway supported by INTERREG VA funding received in 2016. Further funding of €20,000 was secured under the Measure 1 of 2018 Outdoor Recreation Infrastructure Fund for improvements to walkway on Phase 1 of the Ulster Canal Greenway in Monaghan town (4.2km length already in use).

Education and Legacy

The Waterways Ireland Education Programme forms part of the Marketing and Communications' team role. The programme aims to enable school children and teachers to become aware of the waterways of Ireland, to comprehend the origin of our waterways and appreciate the historical significance, leisure potential and biodiversity value of our aquatic heritage. Various educational activities along with the Waterways Ireland Learning Zone website aid delivery of the Education Programme.

Working in partnership with Leave No Trace, Waterways Ireland delivered our 'Rivers Explorers' schools programme. Students along the Shannon-Erne Waterway, Royal Canal and Grand Canal got to learn about the geographical location, leisure potential and biodiversity value of their local river, lake or canal, whilst introducing them to principles of Leave No Trace when they are enjoying the outdoors.

Across the waterways, school children participated in a range of educational events run by the Body including Northern Ireland Science Week, Engineers' Week and Seachtain na Gaeilge.

In Dublin, Transition Year students created designs for the former canal barge 48M and presented their proposals at an exhibition in the Docklands Visitor Centre. The students gained first-hand experience of the design process under the guidance of architects and architectural graduates nationwide. Waterways Ireland's Docklands team worked along with the Irish Architecture Foundation to deliver this programme.

World Canals Conference

A highlight in September 2018 was Waterways Ireland hosting the World Canals Conference with the Inland Waterways Association Ireland (IWAI) in Athlone. The Conference brought together canal and waterway enthusiasts, professionals and academics from around the world each year. Minister Josepha Madigan officially opened the Conference and President Michael D Higgins closed the conference. Themed "Restore, Regenerate, Reimagine", the Conference showcased Ireland's restoration and reimagined projects and the 320 delegates who attended had the opportunity to expand their knowledge of innovative waterways management experiences and techniques from all over the world. Over 40 speakers from China, Canada, USA and Europe presented on topics including "Restoration and Heritage Management", "Water Management Challenges", "Managing Change" and "Delivering through Innovation". Three technical tours took place as part of the Conference to the Upper Shannon, visiting the Blueway at Drumshanbo; the Shannon tour included Ardnacrushagh Power Station with the third tour bringing delegates to Waterways Ireland's depot in Tullamore and Clonmacnoise monastic site.

Waterways Ireland's archive exhibition, "Reflections – The lasting legacy of the waterways" took a glimpse into the history of the inland waterways, reflecting on the pioneering people who built the canals and the tools of their trades; as well as the boats and iconic waterways structures which continue to exist so many years later. Thanks to the National Trust and Fermanagh and Omagh District Council exact replicas of the tools used by the canal builders were created as part of the exhibition using the original 1814 blueprint design by John MacMahon. The tools brought to life the story of the strong men who powered the construction of Ireland's canals system over 200 years ago.

Growing Our Income

Waterways Ireland continues to seek ways to grow a sustainable income from the use and development of its property assets to support operation of the inland waterways.

This property is located primarily along the canal network. In the past year Waterways Ireland has negotiated terms for a new pedestrian bridge to be built at Bolands Mill in Grand Canal Dock in 2019.

The Body licenses a wide range of businesses to operate on its property in order to attract people to come and enjoy the waterway environment. Businesses include small vessel hire, such as day boat and canoe hire activity providers to large passenger vessel hire and include licences to providers at food markets wishing to operate from our property.

Waterways Ireland also manages the licensing and use of a large portfolio of rural property connected to the navigations which is required periodically for their maintenance, for example at times of flood or for placing dredging materials.

Waterways Ireland's largest land asset known as City Block 19, is a 1.2 hectare site located between the Dodder River and Grand Canal Dock. Waterways Ireland have yet to determine the strategic plan for this asset.

Corporate Governance

Waterways Ireland is committed in all of its work to achieving high standards of corporate governance. During 2018 the majority of the Senior Management Team received specific training on Corporate Governance.

Senior Management

Senior Management Team (SMT) is made up of those members referenced in Appendix 2. The SMT meet on a monthly basis to review operational matters, health and safety, financial performance, human resources issues and all corporate governance reporting, for example risk management and open audit points.

Monitoring Meetings

Through Monitoring Meetings, (comprising senior members of Waterways Ireland and representatives of the Sponsor Departments) there is consultation 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. These meetings were held on 4 occasions during 2018.

Audit Committee

The Audit Committee met four times to review and agree the work of the internal audit team. 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.

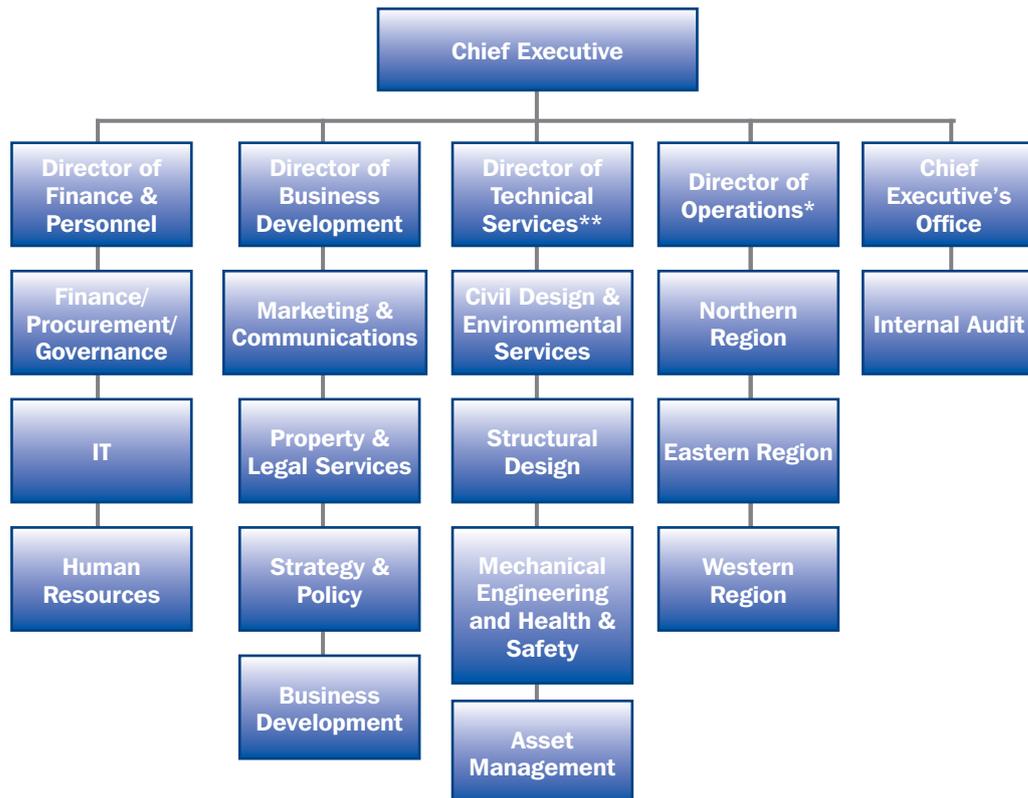
Part 3

Appendix 1 Waterways Ireland Organisational Structure

Appendix 2 Our People and Contact Details

Appendix 1

Waterways Ireland Organisational Structure



*Currently suppressed, for review – managed by Chief Executive

** Vacant - Currently managed by other members of the Senior Management Team

N.B. Navigational Inspectorate staff have moved to be part of each navigation they work in with the Inspector of Navigation providing overall technical and programme support.

Staff Numbers	Finance & Personnel	Business Development	Technical Services	Operations	Chief Executive	Total
Professional, Technical and Administration	31.54	22.91	23.26	32.41	6.27	116.39
Operational	-	-	-	197.70	-	197.70
Total	31.54	22.91	23.26	230.11	6.27	314.09

Appendix 2

Our People and Contact Details

John McDonagh is the Acting Chief Executive Officer.

The Chief Executive is assisted by three Directors, three Regional Managers and professional, technical, operational and administration staff located throughout the navigational network.

Director of Finance & Personnel..... Diane Creevy

Director of Business Development John Boyle

Director of Technical Services..... Vacant

Eastern Regional Manager John McKeown

Northern Regional Manager Joe Gillespie

Western Regional Manager Éanna Rowe

Waterways Ireland

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Western Region

Regional Office

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Part 4

Accounts for the year ended 31st December 2018

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Foreword to the Accounts

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 2018.

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 Culture, Heritage and the Gaeltacht, (DCHG) and the Department for Infrastructure (DfI), as provided for in the Body's Financial Memorandum in 2018;
- 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 41. The deficit for the period was €1,696,000 (STG£1,500,000). The deficit for 2017 was €444,000 (STG£389,000).

Reporting Currency

The normal operating currency of the Body is euro. Sterling values are the euro values translated at the Bank of England average exchange rate for the year of €1.1305 (2017 €1.1413) 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 €1.1149 (2017 €1.127) to £1.

Fixed Assets

Details of the movements in fixed assets are set out in Note 7 to the accounts.

Waterways Ireland took over from DCHG and DARD (Department of Agriculture and Rural Development) an asset portfolio comprising mainly infrastructure assets such as waterways, canals, tow-paths, 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 increase in year in Operational Assets of €12,106,000 and a net valuation decrease in Tangible Assets of €12,900,000 are detailed in Notes 1.7, 7.1 and 7.2.

Future Developments

Capital development in 2019 will largely continue to concentrate on the refurbishment of critical infrastructural assets in order to ensure that the navigations can continue to remain open and enjoyed by the wide spectrum of users. A detailed capital programme for 2019 has been agreed including the replacement of weirs, jetties and sea locks.

Board Members

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

Equality Policy

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

Policy in relation to people with disabilities

Waterways Ireland is an equal opportunities employer and welcomes people with disabilities as employees. We proactively seek to engage with people with disabilities and representative groups, providing opportunities for work placements.

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 routine, Regional, Departmental and Team meetings driven by both management and employees.

Charitable Donations

Waterways Ireland made no charitable donations during the period.

Practice on Late Payments

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

During 2018, 98% (2017, 99%) of invoices were paid within 30 days and interest charges of €469 (2017 €173) and late penalty charges of €8,360 (2017, €6,290) 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 revised in 2017 and circulated. The Waterways Ireland Health and Safety committee is in place and the Health and Safety Working Group, each Regional Safety Group and Head Office Safety Group meets on a quarterly basis each year to review Health and Safety issues in each area and overall across Waterways Ireland. To ensure Waterways Irelands Health and Safety systems are in use and compliant with legislation some 13 internal safety audits are undertaken each year. In 2017 an external Health and Safety report was commissioned and the recommendations have been progressively implemented in 2018.

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 €42,000 (STG£37,000). The auditors do not carry out non audit work in relation to Waterways Ireland.

Principal Risks and Uncertainties

The principal risks and uncertainties faced by the Body are the continued funding of its activities by the Northern Ireland Assembly and Dáil Éireann. While there is a reasonable expectation that the respective Governments will continue to fund the activities of the Body, the level of funding is under constant review. The Corporate Plan 2017-2019 funding levels is based at the same level as 2016. In real terms there will be a continued decline as increased pensions and potential exchange rate costs impact directly on the money available to fund the navigations.

The Body faces significant exchange rate risk due to fluctuating exchange rates during the period of the Corporate Plan. In 2018 a €18,000 exchange loss was incurred mainly from conversion of sterling bank balances and better business plan rate.

Waterways Ireland pays the pension costs for all retired staff from its operating budget. In 2001 over 200 staff transferred and designated to Waterways Ireland from the previous inland waterway management bodies. Waterways Ireland is liable for their full pension costs including the period of employment prior to 2001. Each year pension costs are significant and were €2,800,000 in 2018 (€2,200,000 in 2017). By 2019, it is estimated that there will be 154 pensioners who are retired or eligible to retire against a permanent workforce complement in 2018 of 276 staff. DfI fund all of the pension costs in addition to operating funding, whilst DCHG contribute up to the budget available with any additional requirement coming from operating funds.

Brexit

As a cross border body the impact of Brexit may include the loss of access to European funding for Northern Irish projects which is a significant source of development funding. Should Northern Ireland be outside the Single Market and Customs Union tariffs may apply in relation to the procurement of services and products, increasing the operating costs of Waterways Ireland. Diverging legislative provisions may impact on the business of the Body. The possibility of increased custom checks at the border would increase travel journey times, diminish productivity and may deter existing and future workers from joining Waterways Ireland.

Pensions

In 2018 the increase in the discount rate of AA rated UK corporate bonds and increase in Eurozone corporate bonds at 31st December 2018 along with the net change in inflation rates, change in mortality assumptions and salary increase assumptions have resulted in an actuarial gain on the scheme and an increase in scheme liabilities in the year of €1,000,000.

Employee contributions of €614,000 (2017: €612,000) were received and remitted to DCHG and DfI on an 85:15 basis.

Approval of 2017 Business Plan and Corporate Plan 2017 - 2019

At the date of approval of these accounts, Waterways Ireland's 2018 Business Plan had not been formally approved by the Sponsor Departments, Finance Departments or the North South Ministerial Council (NSMC). Approval is unlikely to be received until the Northern Ireland Assembly is in session. DCHG and DfI have continued to fund the Body's activities in the absence of an approved Business Plan with €30,987,000 of funds applied during 2018. Additional bids from Waterways Ireland has secured funding from DCHG of €1,600,000 toward capital projects and DfI have provided €2,197,000 toward capital projects and €95,000 for pensions.

DfI has implemented contingency arrangements, put in place by DoF to enable the payment of funding to the Body. These involve the approval of a draft Business Planning document which sets out the Body's short-term proposed activities, together with the related benefits and costs. As a result, all 2019 funding requested to date has been paid by both Sponsor Departments.

In the absence of an approved Business Plan for 2018 or Corporate Plan for period 2017 to 2019 Waterways Ireland activities are in accordance with the draft Corporate Plan 2017-2019 and 2018 Business Plan which have been considered by the Sponsor Departments.

Events after the end of the Reporting Period

None to report.

Statement of Waterways Ireland's and Accountable Person's Responsibilities

Waterways Ireland Responsibilities

The Finance Departments have directed Waterways Ireland to prepare a statement of accounts for each year ended 31 December in the form and on the basis set out in the accounts direction at the Appendix to these financial statements. 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 the Body.

Statement on Internal Control/ Governance Statement

Scope of Responsibility

I, John McDonagh, was appointed as Accounting Officer on April 15th 2019. Consequently, the scope of my responsibility commences ex post-facto the 2018 financial control and governance period. In signing this Statement I do so after exercising prudent and reasonable judgement in the short period of tenure in office. 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.

I have familiarised myself through immersion of materials and discussions with senior management within Waterways Ireland; Internal Audit reports; briefings from the sponsoring departments; and discussions with external auditors from the Northern Ireland Audit Office. I can verify that planned, formal Monitoring Meetings between representatives of Sponsor Departments and senior members of Waterways Ireland management occurred throughout 2018. I can confirm the Audit Committee operated as per its remit throughout 2018. I can confirm a Risk Register was in place and was discussed at management and Monitoring Meetings. I can confirm that bi-annual assurance statements from individual senior managers including the former Chief Executive have been compiled and presented to the Sponsor Departments in 2018.

I make the statements below on the basis of my knowledge and judgement in my limited period of tenure.

Public Financial Procedures

As Waterways Ireland Acting 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. 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 4 occasions during 2018.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Body's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Waterways Ireland for the year ended 31st December 2018 and up to the date of approval of the annual report and accounts, and accords with the Finance Departments' guidance.

Capacity to Handle Risk

A set of procedures was in situ during 2018 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.

The Risk and Control Framework

A Corporate Risk Register identified the key risks directly related to the Body's corporate and business plan goals. The Senior Management Team within Waterways Ireland convened on a monthly basis to review and revise the Corporate Risk Register. The monthly forum considered new risks and changes in the operating environment and any necessary mitigation actions. The Corporate Risk Register was reviewed at each Monitoring Meeting and at each Audit and Risk Committee meeting.

Major Information Systems

Waterways Ireland uses Integra systems to produce financial accounting information and Core payroll systems to produce wages and salaries information. There are process and system controls within and around both of these systems to ensure the quality and integrity of management information provided to the Chief Executive and Senior Managers.

Waterways Ireland will undertake a review of its financial and IT systems during the second half of 2019 to consider fitness for purpose and future proofing capabilities.

Financial Management

The Body has in place the following processes:

- The Senior Management Group meet on a monthly basis to monitor progress on business plans and any other issues.
- 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 which met 4 times during 2018. The Internal Audit assurance statement for the year ended 31 December 2018 concluded that 'based on the scope of the audits which were completed during 2018, and assuming management effectively implement the internal audit recommendations made in each audit report, there was an overall satisfactory system of control in place for the areas reviewed.' The Audit Committee provided an annual report to the Accounting Officer for 2018 which provided assurance that the Committee had discharged its responsibilities in accordance with its Charter and Terms of Reference.
- Internal Audit in 2018 completed 4 audits and 8 desk based reviews of procedures and policies. 10 of these received overall satisfactory opinion with 2 receiving an overall limited opinion. The 2 audits which received limited opinion covered, risk management and procurement and tendering. Internal Audit in 2019 to date completed 3 audits and 2 desk based reviews of procedures and policies. 3 of these received overall satisfactory opinion with 2 receiving an overall limited opinion. The 2 audits which received limited opinion covered, payroll and allowances and operational expenditure. Management have accepted all the recommendations and have put in place an action plan to address the issues raised.
- The North/South Pension Scheme internal auditor provided a limited opinion over pension calculations performed by the Scheme Administrator. The North South Pension Committee accepted all recommendations and have put in place an action plan to address the issues raised.
- Following a review of the rules on the payment of 'Country Money' and settling of outstanding taxes to Revenue to the order of €701,278, Waterways Ireland have updated the internal rules and are continuing to work through the industrial relations impact of these changes.
- 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.
- Property registrations and review of lease legacies continue.
- An external review of the process used to value the operational assets of the Body was completed in December 2017. The review found that the Body is compliant with FRS 102 and made a number of recommendations to improve asset information and valuations. By 2018 a number of structures including weirs, bridges, aqueducts, culverts, lock gates and chambers, depots and lock houses have been revalued based on surveys and the useful lives of these assets have been reassessed and adjusted accordingly. Some of the land values recognised in the accounts are based on estimated rather than precise boundaries. The Body continues to collate the actual property registration layers and then register the deeds. This exercise is currently on-going along the Royal and Grand canals. Any resultant increase in land values is expected to be modest given that any additional small parcels of land are largely at agricultural values. As resources permit Waterways Ireland will continue to progress the remaining recommendations which include further surveys of structures such as canals, moorings and harbours to reflect exact dimensions and the condition of these assets along with a review of the heritage class of assets.
- Continuance of management of key performance and risk indicators.
- Assurance statements are provided to Sponsor Department as required under the Service Level Agreement.
- Late payment interest and penalties continue to be closely reviewed by Senior Management.

Significant Control Issues

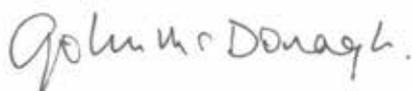
Notwithstanding the verification of management practices as described under Scope of Responsibility, I am concerned that the organisation may be exposed to potentially significant control issues. This concern is based on

- (i) an audit of payroll allowances produced during 2018 identified gaps in the internal procedures and controls specifically relating to the claiming of payroll allowances for field operational staff. The audit identified 26 Priority 1 points (failure to implement the recommendations is likely to result in a major failure of key organisational objective, significant damage to the reputation of the organisation or the misuse of public funds);
- (ii) the former Chief Executive's decision to categorise the Risk Management Status as Not Appropriate in the bi-annual Assurance Statement return in 2018;
- (iii) the risks associated with an under-resourced organisation at leadership levels and the capacity of Waterways Ireland to remediate and manage the governance gaps; and
- (iv) the potential for further exposure to presently unidentified systemic gaps particularly relating to the interface between corporate and field operational systems and controls.

Notwithstanding these concerns I can report that there is substantive strategic thinking and planning underway to address the significant control issues mentioned above specifically in relation to organisation capacity building and payroll allowance migration to a more manageable pay structure.

Review of Effectiveness

As the Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is limited in scope due to the short duration of my tenure. I have sought assurances through verification of management practices and internal and external audit reports and opinions. Assurance providers do not see an all-encompassing control gap within Waterways Ireland. Additionally to provide further assurance the sponsoring departments, with support from Waterways Ireland management, has commissioned a full financial governance review to be undertaken by an independent unit within the Dept of Finance (NI). This will provide a pathway to scope the review towards areas of potential concern and thereby mitigate the potential for significant control issues as outlined under Significant Control Issues above. As a result I am satisfied to sign the Annual Report and Accounts as the Accounting Officer.



John McDonagh
Acting Chief Executive
4th July 2019

Report on the Remuneration of Senior Management

The senior management of Waterways Ireland consist of the CEO, Directors and Regional Managers. The Chief Executive/Chief Executive Officer (Acting) is the Accounting Officer as approved by NSMC and is according to the financial memorandum is responsible for the efficient and effective administration of the body.

Policy on the Remuneration of Senior Managers

The pay scales of the Senior Management 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 who are based in the ROI jurisdiction are legacy pay scales and are instructed by the Sponsor Department. Any Annual increments are issued to Waterways Ireland through the relevant Sponsoring Department in each jurisdiction.

Each year, senior managers are set objectives based on the 3 year Corporate and annual Business plans. Individual goals and objectives of the senior management team are reviewed and assessed by the CEO throughout the year using the Body's Performance Management structure. These performance assessments are documented and records maintained. The CEO is assessed through Monitoring Committee.

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 detailed all terms and conditions. Termination payments are in accordance with contractual terms. During the year 2018 there were no compensation or severance payments to senior management.

Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the senior management of the Body.

Remuneration (including salary) and pension entitlements of Senior Management Team

Name	2018					2017				
	Salary	Pension Benefits (1)	Benefit in Kind	Bonus Payment	Total	Salary	Pension Benefits (1)	Benefit in Kind	Bonus Payment	Total
Chief Executive	€ 98,000	€ 16,000	€0	€0	€ 114,000	€97,957	€30,000	€0	€0	€127,957
Regional Manager 1	€ 99,259	€ 91,500	€0	€0	€ 190,759	€94,410	€25,580	€0	€0	€119,990
Regional Manager 2	€ 99,629	€ 91,500	€0	€0	€ 191,129	€94,410	€25,600	€0	€0	€120,010
Regional Manager 3	€ 89,610	€ 89,660	€0	€0	€ 179,270	€82,224	€59,770	€0	€0	€141,994
Director 1	€ 67,370	€ 35,050	€0	€0	€ 102,419	€65,309	€24,200	€0	€0	€89,509
*Director 2	€ 71,354	€ 34,756	€0	€0	€ 106,110	€20,865 €64,200 FTE	€8,560	€0	€0	€29,425
* Joined Scheme September 2017										
Note: Director 3 retired on 31st May 2017. Director 4 died in service on 23 July 2017. Exchange rate fluctuations - Chief Executive, Director 1 and 2 are paid in sterling and euro pay fluctuates due to exchange rate movements at 2018 €1.1305 (2017 €1.1413) to £1.										

- 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.

Pay Multiples

The Body 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.

	2018	2018	2017	2017
	€	£	€	£
Midpoint of the band of the highest paid Director	97,500	86,245	97,500	85,428
Median remuneration of staff	41,493	36,703	40,643	35,611
Ratio	2.35		2.40	
Range of staff remuneration	€0 to €99,630	£0 to £88,129	€3,667 to €97,957	£3,213 to £85,828

The remuneration of the highest paid director in 2018 was €99,630 (2017: €97,957)(currency fluctuations affect conversion from sterling to euro). This was 2.35 times the median salary of the workforce which in 2018 was €41,493 (2017: €40,643). The range of staff remuneration in 2018 is from €0 as two members of staff are out of pay due to long term sick and career break. In 2018 and 2017 no employee received remuneration in excess of the highest paid director.

Total remuneration includes salary and 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 Department of Revenue as a taxable emolument. There were no benefits in kind provided to staff in the year.

Bonuses

It is not the policy of the Body to make any bonus payments to members of the senior management team or staff. No bonus payments have been made during the year.

Pension Benefits

Name	Accrued Pension at pension age at 31/12/18 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/12/18	CETV at 31/12/17	Real increase in CETV
Chief Executive	Pension: €46,000 Lump sum: €139,000	Pension: €1,000 Lump sum: €4,000	€1,073,000	€984,000	€89,000
Regional Manager 1	Pension: €46,000 Lump sum: €139,000	Pension: €4,000 Lump sum: €13,000	€1,096,000	€948,000	€148,000
Regional Manager 2	Pension: €46,000 Lump sum: €139,000	Pension: €4,000, Lump sum: €13,000	€1,097,000	€970,000	€127,000
Regional Manager 3	Pension: €32,000 Lump sum: €96,000	Pension: €4,000 Lump sum: €11,000	€591,000	€513,000	€78,000
Director 1	Pension: €5,000 Lump sum: €0	Pension: €2,000 Lump sum: €0	€56,000	€35,000	€21,000
*Director 2	Pension: €2,000 Lump sum: €0	Pension: €2,000 Lump sum: €0	€21,000	€4,000	€17,000
* Joined Scheme September 2017					
Note: Director 3 retired on 31st May 2017. Director 4 died in service on 23 July 2017. Disclosure is withheld.					

Pension Arrangements - General Description of the Scheme

The pension scheme consists of a number of sections with different benefit structures. The main sections are:

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 in the relevant jurisdiction, which is currently 67, 68 or between 67 and 68 in the UK and 68 in Ireland. 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 NonEstablished 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 2018 has been carried out by a qualified independent actuary (Deloitte). The results this year have been prepared by carrying out a full valuation of the Scheme's liabilities incorporating market conditions and scheme data at 31st December 2018.

Cash Equivalent Transfer Values (CETV)

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 the Body'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 the current and preceding financial year there were no compulsory or voluntary redundancies in the Body. Therefore no costs have been incurred by the Body and no compensation payments have been made.

Salary bands for all employees

Number of employees whose emoluments for the twelve months ending 31st December 2018 fell within the following bands:

Salary Bands €	2018 (no. of employees)	2017 (no. of employees)
Less than 40,000	189	209
40,000-49,999	113	89
50,000-59,999	28	39
60,000-69,999	22	22
70,000-79,999	7	4
80,000-89,999	2	1
90,000-99,999	3	3
100,000-109,999	0	0

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 for the year ended 31st December 2018 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 Waterways Ireland's affairs as at 31st December 2018 and of the Body's 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 of opinions

We conducted our audit in accordance with International Standards on auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the accounts section of this certificate. We are independent of Waterways Ireland in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016 and of the Code of Ethics issued by the International Organisation of Supreme Audit Institutions and have fulfilled our other 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 opinion.

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 of the information and explanations we require 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 Acting Chief Executive 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 are a true and fair view. The Acting 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:

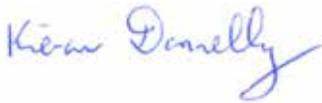
- We identify and assess the risks of material misstatement of the accounts whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material 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 the 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.

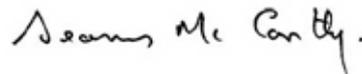
- We evaluate the overall presentation, structure and content of the accounts, including the disclosures, and whether the accounts represent the underlying transaction and events in a manner that achieves fair presentation.

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 the Houses of the Oireachtas and that the financial transactions recorded in the accounts conform to the authorities which govern them.



Kieran Donnelly
Comptroller and Auditor General for
Northern Ireland
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU
5 July 2019



Seamus McCarthy
Irish Comptroller and Auditor General
3A Mayor Street Upper
Spencer Dock
Dublin 1
Ireland
D01 PF72
10 July 2019

Income Statement

for the year ended 31st December 2018

	Notes	€'000 2018	STG£'000 2018	€'000 2017	STG£'000 2017
INCOME					
Revenue Funding from Departments	2	27,339	24,182	25,650	22,474
Release from Capital Grant/Donation/Grant Reserves		11,271	9,970	9,134	8,003
Other Operating Income	3	6,246	5,525	6,414	5,620
TOTAL INCOME		44,856	39,677	41,198	36,097
EXPENDITURE					
Staff Costs	4	22,440	19,850	21,434	18,780
Programme Costs	5	7,405	6,550	4,952	4,339
Other Operating Costs	6	5,427	4,799	6,190	5,424
Currency (gains)/losses and interest payable		25	22	54	47
Depreciation	7.1,7.2	11,271	9,970	9,016	7,900
TOTAL EXPENDITURE		46,568	41,191	41,646	36,490
Operating Surplus/(Deficit) for the Year		(1,712)	(1,514)	(448)	(393)
Profit/(Loss) on Disposal of Fixed Assets		16	14	4	4
Surplus/(Deficit) for the Year		(1,696)	(1,500)	(444)	(389)

Statement of Comprehensive Income

for the year ended 31st December 2018

	Notes	€'000 2018	STG£'000 2018	€'000 2017	STG£'000 2017
Surplus/(Deficit) for the Year		(1,696)	(1,500)	(444)	(389)
Actuarial (loss)/gain on pension liabilities	17.2	4,691	4,208	10,985	9,747
Net transfer (in)/out of the scheme	17.2	(3)	(3)	(9)	(8)
Adjustment to Deferred pension funding		(4,688)	(4,205)	(10,976)	(9,739)
Unrealised surplus/(deficit) on revaluation of Land and Buildings	7.1, 7.2	(794)	(712)	82,117	72,863
Total recognised gain/(loss) for the Year		(2,490)	(2,212)	81,673	72,474



Acting Chief Executive

John McDonagh

Date: 4th July 2019

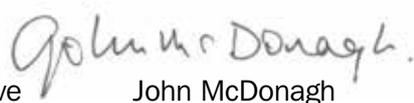
The notes on pages 46 to 65 form part of these accounts.

Statement of Financial Position

as at 31st December 2018

	Notes	€'000 2018	STG£'000 2018	€'000 2017	STG£'000 2017
Fixed Assets					
Tangible Assets	7.1	45,090	40,444	57,932	51,404
Operational Assets and Work in Progress	7.2	740,483	664,170	734,130	651,402
Current Assets					
Short Term Investment	8	3,000	2,691	1,000	887
Cash at bank and in hand	9	3,278	2,940	5,907	5,241
Stocks	10	771	692	1,011	898
Debtors/Prepayments - amounts due within one year	11	1,232	1,105	1,377	1,222
		8,281	7,428	9,295	8,248
Current Liabilities					
Creditors - amounts due within one year	12	(3,426)	(3,073)	(2,547)	(2,260)
Net Current Assets/(Current Liabilities)		4,855	4,355	6,748	5,988
Debtors/Prepayments - amounts due after one year	11	139	125	73	65
Creditors - amounts due after one year	12	(100)	(90)	(104)	(92)
Deferred Pension Funding	17.4	112,443	100,855	111,703	99,115
Pension Liability	17.5	(112,443)	(100,855)	(111,703)	(99,115)
Provisions	14	(3,797)	(3,406)	(3,287)	(2,917)
Total Assets Less Liabilities		786,670	705,598	795,492	705,850
Financed by:					
Capital and Reserves					
Revenue Reserve		(1,357)	(1,217)	185	164
Capital Grant Reserve		771,562	692,047	779,766	691,896
Donation Reserve		14,754	13,233	10,209	9,059
Grant Reserve		1,711	1,535	5,332	4,731
		786,670	705,598	795,492	705,850

Acting Chief Executive



John McDonagh

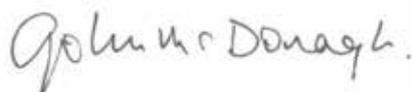
Date: 4th July 2019

The notes on pages 46 to 65 form part of these accounts.

Cash Flow Statement

for the year ended 31st December 2018

	Notes	€'000 2018	STG£'000 2018	€'000 2017	STG£'000 2017
Net Cash in/(out)flow from operating activities	15.1	(8)	(7)	131	114
Cashflows from investing activities					
Short term fixed deposit	8	(2,000)	(1,804)	2,697	2,286
Receipt from sale - plant, land, property rights		170	150	151	132
Payments to acquire tangible fixed assets	7.1,7.2	(5,730)	(5,069)	(7,200)	(6,309)
Net Cash outflow before financing		(7,568)	(6,730)	(4,221)	(3,777)
Cashflows from financing activities					
Capital funding received		3,648	3,227	4,839	4,240
Donation/Grant received		1,291	1,130	1,726	1,512
Difference on currency translation		-	72	-	208
Net Increase/(Decrease) in Cash and cash equivalents	15.2	(2,629)	(2,301)	2,344	2,183
Cash and cash equivalents at the start of the year		5,907	5,241	3,563	3,058
Cash and cash equivalents at the end of the year	15.2	3,278	2,940	5,907	5,241



Acting Chief Executive

John McDonagh

Date: 4th July 2019

The notes on pages 46 to 65 form part of these accounts.

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

Statement of Changes in Equity

for the year ended 31st December 2018

Revenue Reserve	Notes	€'000	STG£'000	€'000	STG£'000
		2018	2018	2017	2017
At 1st January		185	164	600	515
Surplus/(Deficit) in the year		(1,696)	(1,500)	(444)	(389)
Plus: Transfer from Capital Grant Reserve		154	136	29	25
Difference on currency translation		-	(17)	-	13
At 31st December		<u>(1,357)</u>	<u>(1,217)</u>	<u>185</u>	<u>164</u>

Note: Transfer from Capital Grant Reserve relates to disposal of land/property rights €154,000. 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.

Capital Grant Reserve	Notes	€'000	STG£'000	€'000	STG£'000
		2018	2018	2017	2017
At 1st January		779,766	691,896	701,546	602,133
Capital Grants Received	2	3,648	3,227	4,839	4,240
Revaluation	7.1, 7.2	(794)	(711)	82,117	72,864
Less: Transfer to Revenue Reserve		(154)	(136)	(29)	(25)
Less: Amortisation of Capital Grants		(10,904)	(9,645)	(8,707)	(7,629)
Difference on currency translation	7.1, 7.2	-	7,416	-	20,313
At 31st December		<u>771,562</u>	<u>692,047</u>	<u>779,766</u>	<u>691,896</u>

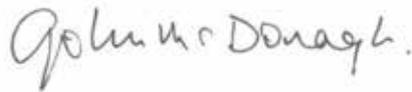
Note: Transfer to Revenue Reserve relates to disposal of land/property rights €154,000. The currency translation adjustment reflects the amount of the movement in the value of the Capital Grant Reserve which is attributable to the change in the exchange rate over the year.

Donation Reserve	Notes	€'000	STG£'000	€'000	STG£'000
		2018	2018	2017	2017
At 1st January		10,209	9,059	10,432	8,954
Grants Received		14	12	-	-
Less: Amortisation of Donations		(263)	(233)	(223)	(195)
Plus: Reclassification from Grant Reserve		4,794	4,241	-	-
Difference on currency translation	7.1, 7.2	-	154	-	300
At 31st December		<u>14,754</u>	<u>13,233</u>	<u>10,209</u>	<u>9,059</u>

Note: Donations from third parties of Assets and funding to complete works on the Waterways. The currency translation adjustment reflects the amount of the movement in the value of the Donation Reserve which is attributable to the change in the exchange rate over the year.

Grant Reserve	Notes	€'000	STG£'000	€'000	STG£'000
		2018	2018	2017	2017
At 1st January		5,332	4,731	3,810	3,270
Grants Received		1,277	1,130	1,726	1,512
Less: Amortisation of Grants		(104)	(92)	(204)	(179)
Less: Reclassification to Donation Reserve		(4,794)	(4,241)	-	-
Difference on currency translation	7.1, 7.2	-	(131)	-	23
Difference on currency translation		-	138	-	105
At 31st December		<u>1,711</u>	<u>1,535</u>	<u>5,332</u>	<u>4,731</u>

Note: Grants from third parties of funding to complete works on the Waterways. €4,794,000 were reanalysed as Donations as no repayment required. 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.



Acting Chief Executive

John McDonagh
Date: 4th July 2019

Notes to the Accounts

for the year ended 31st December 2018

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 fixed assets.

The accounts comply with the accounting and disclosure requirements issued by DoF and DPER in 2018.

1.2 Statement of Compliance with FRS 102

The financial statements of Waterways Ireland for the year ended 31 December 2018 have been prepared in accordance with North/South Implementation Bodies Annual Reports and Accounts Guidance (July 2017), produced by Department of Finance (DoF) and the Department of Public Expenditure and Reform (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 from the Department of Culture, Heritage and the Gaeltacht and the Department for Infrastructure which funded activities in the current period.

Other Operating Income is primarily on an accruals basis, however, operating income includes income from navigation usage such as permits, winter moorings, lock tolls and dry dock charges which are recognised on a receipts basis.

1.4 Expenditure

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

1.5 Debtors

Debtors are stated after providing for bad and doubtful debts.

1.6 Deferred Income

Deferred Income relates to 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 27 years with €3,857 released in 2018 to income.

1.7 Fixed Assets Valuation

Asset Category	Sub Category	Valuation Basis
Surplus Assets		<p>Surplus assets represent those assets that the Body deem are not strategic and are available for sale. Valuations are based on recoverable market value from internal and external market reports.</p> <p>The main components were as follows:</p> <ul style="list-style-type: none"> • Hatch Bar €45,000; €45,000 internal valuation 2010 based on agreed sales proceeds. • Athy Lockhouse €100,000; internal valuation 2017 Carey Robinson BLE (Hons) Member of the Royal Institute of Chartered Surveyors in 2018. • Canal House Park Canal €20,000; internal valuation by Kieran Taggart Member of the Royal Institute of Chartered Surveyors in 2017. • Hamilton Lockhouse €60,000; internally valued 2017 based on agreed sales proceeds. • Sea Lock House €280,000; externally valued at Market value by GVA Donal O Buachalla, Dublin in February 2019. The valuation technique used was the “market approach” which uses prices and other relevant information generated by market transactions involving identical or comparable (similar) assets. • Mill Cottage €110,000; valued internally by Kieran Taggart Member of the Royal Institute of Chartered Surveyors in 2017. • Barge €7,000; internally valued based on bids received in 2013. • Property disposals in progress at 2018 €1,810,000 internally valued. • Bogland at Pullough €12,000, valued in 2017 based on agreed sales proceeds.
Land and Buildings		<p>Land €19,500,000; valued at Market value by GVA Donal O Buachalla, Dublin in February 2019. The valuation technique used was the “market approach” which uses prices and other relevant information generated by market transactions involving identical or comparable (similar) assets.</p> <p>Buildings are valued based on depreciated replacement cost. This includes estimating the value of land in its existing use and estimating the replacement cost of the building with appropriate deductions to reflect the current age and condition of the building.</p>
Plant, Vehicles and Machinery		Cost incurred (Depreciated historical cost). Revaluation of pumps was added in 2018 €63,000, internal valuation.
Computer, Furniture and Fittings		Cost incurred (Depreciated historical cost) internal valuation.
Work in Progress		Cost incurred (Depreciated historical cost) internal valuation.

Operational Assets Valuation performed in house by Chartered Engineers	Canal Structure Harbours Jetties Quays Dry Docks Floating Jetties Trackline	<p>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 the Body in acquiring the asset.</p> <p>The value of all assets (irrespective of year of acquisition) is indexed internally in line with construction inflation each year. In 2018, the Construction Price Inflation index applied was 3.21% resulting in a net surplus on revaluation of €11,231,000. The valuations are also updated internally to take account of new information from surveys including exact dimensions, a dry dock was revalued during 2017.</p> <p>Standard costs include integral elements of structures, fencing, bollards, sluices etc. With the exception of floating jetties, 25 years, life is estimated at 500 years based on regular repairs and maintenance and taking into consideration their existing age.</p> <p>Towpaths, car parks, lighting, paved areas and small structures are capitalised in the accounts where they represent an improvement on assets included in the canal valuation. They are included in the gross project costs and depreciated over the project life. Further reviews will be carried out on a rolling basis with any amendments reflected in the Asset Register.</p> <p>Structures on non operational navigations are deemed to have no value since there is no economic benefit, only land footprint is valued</p>
	Lock Chambers and Lock Gates	<p>Lock Chambers and gates were externally valued in 2017 by Capita, Sharon Dickenson, Chartered Structural Engineer - BEng (Hons) CEng MIEI MStructE AMICE, and Rodney Hughes, Chartered Surveyor – BSc (Hons) MRICS, resulting in a net surplus on revaluation. Lock gates assets are updated separately from lock chambers reflecting an expected life of up to 60 years with lock chambers life span being 120 years. Valuations are based on depreciated replacement costs, useful life is 120 years.</p>
	Weirs	<p>In 2017 all weirs were externally valued by Capita, Sharon Dickenson, Chartered Structural Engineer - BEng (Hons) CEng MIEI MStructE AMICE, and Rodney Hughes, Chartered Surveyor – BSc (Hons) MRICS resulting in a net deficit on revaluation primarily arising from standard costed structures restated to correct life and dimension. Valuations are based on depreciated replacement costs, useful life is 120 years.</p>
	Bridges Aqueducts Major Culverts	<p>In 2017 Bridges Aqueducts and Major Culverts were externally valued by Capita, Sharon Dickenson, Chartered Structural Engineer - BEng (Hons) CEng MIEI MStructE AMICE, and Rodney Hughes, Chartered Surveyor – BSc (Hons) MRICS resulting in a net surplus on revaluation, valuations are based on depreciated replacement cost, useful life is 120 years. In 2018 Bridge revised condition changes are reflected in a net deficit on revaluation of €6,000.</p>
	Land	<p>Land is valued internally using agricultural land values. In 2017, this resulted in an increase in land values. In 2018 land registered increased internal land values by €63,000 on agricultural land basis, Urban amenity land values were reviewed internally by Rodney McVitty MRICS resulting in an increase in value of €946,000.</p>
	Depots and Lockhouses	<p>Valued at Higher of Existing Use or Recoverable Market Value in 2011 accounts as replacement costs were not available. Internal valuations in 2011 were completed by Sarah Carney BSc (Hons) Member of Royal Institute of Chartered Surveyors and Carey Robinson BLE (Hons) Member of the Royal Institute of Chartered Surveyors, Waterways Ireland. A number of assets were valued for 2014 internally by Carey Robinson BLE (Hons) Member of the Royal Institute of Chartered Surveyors. A sample of asset valuations were reviewed externally in 2012 by Darac O'Neill BSc (Hons) MRICS MSCSI of O'Neill & Company Chartered Surveyors and Auctioneers Ltd. In 2018 a sample of lock houses were reviewed internally by Carey Robinson BLE (Hons) Member of the Royal Institute of Chartered Surveyors, Waterways Ireland resulting in a net decrease of €128,000.</p>
	Service Blocks	Internally valued at replacement costs in 2011 accounts.

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
Tangible Fixed Assets	
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	
Canal Structures, Locks, Fixed Mooring	60 - 500
Lockhouses	50
Depots, Service Blocks	50
Floating Moorings	25
Bridges, Aqueducts, Culverts, Weirs	125 - 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 Culture, Heritage and the Gaeltacht. The Northern Ireland share of the benefits paid during the year is provided by the Department for Infrastructure.

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

Actuarial gains and losses arising on scheme liabilities are reflected in the Statement of Comprehensive Income and a corresponding adjustment is recognised in the amount recoverable from the UK and Irish Exchequers.

Pension liabilities represent the present value of future pension payments earned by staff to date. Deferred pension funding represents a corresponding asset being resources to be made available in future periods from the UK and Irish Exchequers, in the manner described above.

The Statement of Financial Position recognises the cumulative liability for pensions earned by employees as at 31st December 2018 together with a corresponding asset.

1.10 Leased Assets

Operating lease rentals are charged to the Statement of Income 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 fixed assets. 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 represent a reliable estimate of probable settlements for legal cases against the Body and repairs to assets.

A contingent liability arises for 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 to the accounts.

1.14 Currency Translation

The Body's transactions are effected in both euro and sterling. The working currency of the Body 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 Fixed Assets (Note 7.1, 7.2), Statement of changes in Equity including the Revenue Reserve, Capital Grant Reserve, Donation Reserve, Grant Reserve, Net Cash Flow from Operating Activities (Note 15.1), Analysis of Movement in Pension Liability (Note 17.2) and the Deferred Pension Funding (Note 17.4). The Bank of England rates are used.

1.15 Capital Grant Reserve

The Capital Grant Reserve represents the value of grants from sponsor departments used to purchase fixed assets and the value of infrastructure assets transferred to Waterways Ireland including any revaluations carried out. The Capital Grant Reserve is amortised in line with depreciation with the Statement of Income 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 Statement of Income credited to offset the impact of the amortisation.

2. Funding From Departments

2.1 Financial Year 1st January 2018 - 31st December 2018

	DCHG	DCHG	Dfl	Dfl	TOTAL	TOTAL
	€'000	STG£'000	€'000	STG£'000	€'000	STG£'000
Funding taken to Income	22,996	20,341	4,343	3,841	27,339	24,182
Funding Capitalised	2,861	2,531	787	696	3,648	3,227
	<u>25,857</u>	<u>22,872</u>	<u>5,130</u>	<u>4,537</u>	<u>30,987</u>	<u>27,409</u>

2.2 Financial Year 1st January 2017 - 31st December 2017

	DCHG	DCHG	Dfl	Dfl	TOTAL	TOTAL
	€'000	STG£'000	€'000	STG£'000	€'000	STG£'000
Funding taken to Income	22,287	19,528	3,363	2,946	25,650	22,474
Funding Capitalised	3,747	3,283	1,092	957	4,839	4,240
	<u>26,034</u>	<u>22,811</u>	<u>4,455</u>	<u>3,903</u>	<u>30,489</u>	<u>26,714</u>

This table indicates how the funds have been applied in the accounts. This is based on generally accepted accounting principles. The Body was paid grants from money voted by the Northern Ireland Assembly and Dáil Éireann in 2018 as the Northern Ireland Assembly are not in session 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 - DCHG (85) and Dfl (15). Capital works are 100% funded in the jurisdiction in which they take place. The funding definition of current and capital differs from generally accepted accounting guidance.

At the date of approval of these accounts, Waterways Ireland's 2018 Business Plan had not been formally approved by the Sponsor Departments, Finance Departments or the North South Ministerial Council (NSMC). Approval is unlikely to be received until the Northern Ireland Assembly is in session. Dfl has implemented contingency arrangements, put in place by DoF to enable the payment of funding to the Body. These involve the approval of a draft Business Planning document which sets out the Body's short-term proposed activities, together with the related benefits and costs.

3. Other Operating Income

	Note	€'000 2018	STG£'000 2018	€'000 2017	STG£'000 2017
Licences		158	140	115	101
Property Related Income		364	322	308	270
Operating Income		249	220	181	159
Interest Receivable		2	2	14	12
Net deferred funding for pensions	17.3	5,428	4,801	5,645	4,946
Other Income		45	40	151	132
Total		6,246	5,525	6,414	5,620

4. Staff Costs

	2018	2017
4.1 The average weekly number of permanent employees (full time equivalent) was as follows:	276	277

Category of Employment:	Administration	105	101
	Operations	171	176

In addition there were 38 temporary staff supporting works on the navigations, 1 agency staff and 3 student placement engaged to cover maternity leave and other staff absence.

4.2 The costs incurred in respect of these employees were:

	Note	€'000 2018	STG£'000 2018	€'000 2017	STG£'000 2017
Staff costs		13,059	11,552	12,874	11,280
Agency costs		154	137	208	182
Employers NIC/PRSI		1,228	1,086	1,199	1,050
Other pension costs:					
Current Service and Interest costs	17.3	8,228	7,278	7,853	6,881
		22,669	20,053	22,134	19,393
Less Staff and Agency Costs Capitalised		(229)	(203)	(700)	(613)
Total		22,440	19,850	21,434	18,780

Waterways Ireland disclose that 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 in the Annual Report 2018.

5. Programme Costs

	Note	€'000 2018	STG£'000 2018	€'000 2017	STG£'000 2017
Contracted in Services including construction costs		4,943	4,372	3,248	2,846
Vehicle Fuel		545	482	489	428
Plant Hire		438	387	211	185
Mechanical Spares and Equipment		775	686	1,003	879
Fuel and Light		86	76	83	73
Travel		207	183	194	170
Compensation/Provisions	14	-	-	(475)	(416)
Miscellaneous		411	364	199	174
Total		7,405	6,550	4,952	4,339

Analysis of Programme Costs by Waterway

Shannon Navigation		1,211	1,071	965	846
Royal Canal		1,347	1,192	1,249	1,094
Grand Canal		1,957	1,731	1,790	1,568
Barrow Navigation		646	571	483	423
Erne System and Lower Bann		972	860	418	366
Carnroe Weir provision release		-	-	(475)	(416)
Shannon-Erne Waterway		458	405	470	412
Ulster Canal		814	720	52	46
Total		7,405	6,550	4,952	4,339

Miscellaneous Expenditure under Analysis of Programme Costs by Waterway has been split evenly over the Royal Canal, Grand Canal and Barrow Navigation.

6. Other Operating Costs

	Note	€'000 2018	STG£'000 2018	€'000 2017	STG£'000 2017
Travel - Ireland		478	423	475	416
Recruitment Costs		42	37	42	37
Training and Conferences		187	165	180	158
Contracted in Services		781	691	601	527
Compensation/Provisions	14	899	795	1,810	1,586
Premises Running Costs including Utilities		680	601	706	618
Health and Safety		22	19	28	25
Communications		143	126	135	118
Other Operating Lease Rental		13	11	13	11
Printing and Stationery		98	87	114	100
Computer Running Costs		831	735	856	750
Rent		271	240	271	237
Audit Fee - See Note		41	36	40	35
Marketing and Promotions		670	593	585	513
Insurance and Legal Fees		116	103	156	137
Pension Administrator Costs		96	85	79	69
General Expenditure		59	52	99	87
Total		5,427	4,799	6,190	5,424

Note: Annual audit fee is €42,000 (£37,000). Exchange rate fluctuations of payments and accruals in year of €1,000 reduce the charge to €41,000, and when converted at average exchange rate is £36,000 sterling.

Additional Disclosure:

Travel & Subsistence	€'000
- Within the Island of Ireland	680
- Outside the Island of Ireland	5
Hospitality and Staff Wellbeing	€'000
- Staff Wellbeing Costs	21
Consultancy Costs	€'000
- Internal Audit Consultancy	13
- Finance Consultancy	8
- H&S Consultancy	3
- HR Consultancy	34
- Marketing Consultancy	115
- Procurement Consultancy/Support	29
- Tax & Financial Advisory	21
- Environmental Consultancy	98
- Property Consultancy	248
Legal Costs	€'000
- Legal Fees - Property Transaction	19
- Legal Fees relating - Compensation cases	89
- Compensation payments	300

7.1 Fixed Assets - 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 2018	35,062	19,424	23,792	7,875	86,153
Additions	-	-	1,859	169	2,028
Revaluation	(309)	(12,654)	211	-	(12,752)
Reclassification	(32,154)	32,154	-	-	-
Disposals	(154)	-	(155)	(677)	(986)
At 31st December 2018	2,445	38,924	25,707	7,367	74,443
Depreciation					
At 1st January 2018	-	3,855	17,250	7,116	28,221
Provision for year	-	380	1,124	312	1,816
Revaluation	-	-	148	-	148
Disposals	-	-	(155)	(677)	(832)
At 31st December 2018	-	4,235	18,367	6,751	29,353
Net Book Value €'000					
At 31st December 2018	2,445	34,689	7,340	616	45,090
At 31st December 2017	35,062	15,569	6,542	759	57,932
Net Book Value STG£'000					
At 31st December 2018	2,193	31,114	6,584	553	40,444
Currency Translation Adjustment	(337)	(145)	60	(6)	(426)
At 31st December 2017	31,111	13,815	5,805	673	51,404

Note: A number of assets were revalued in year - see table below. Surplus Assets have been restated with Cityblock 19 reclassified as Land and Buildings and revalued downward to €19,500,000. The net movements are reflected in the Statement of Changes in Equity is a decrease in net book value of €12,900,000. Computers, Furniture and Fittings include intangible assets such as software of €198,000. 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 fixed assets calculated using year-end exchange rates and their net book value stated at historic rates of exchange.

7.2 Fixed Assets - Operational Assets and Work in Progress

	Work In Progress	Operational Assets	Total
Cost or Valuation	€'000	€'000	€'000
At 1st January 2018	8,001	1,397,240	1,405,241
Additions	2,848	1,904	4,752
Expensed from Work in Progress	(1,050)	-	(1,050)
Capitalised from Work in Progress	(2,112)	2,112	-
Revaluation	-	18,141	18,141
At 31st December 2018	<u>7,687</u>	<u>1,419,397</u>	<u>1,427,084</u>
Depreciation			
At 1st January 2018	-	671,111	671,111
Revaluation	-	6,035	6,035
Provision for year	-	9,455	9,455
At 31st December 2018	<u>-</u>	<u>686,601</u>	<u>686,601</u>
Net Book Value €'000			
At 31st December 2018	<u>7,687</u>	<u>732,796</u>	<u>740,483</u>
At 31st December 2017	<u>8,001</u>	<u>726,129</u>	<u>734,130</u>
Net Book Value STG£'000			
At 31st December 2018	<u>6,895</u>	<u>657,275</u>	<u>664,170</u>
Currency Translation Adjustment	(113)	(6,899)	(7,012)
At 31st December 2017	<u>7,099</u>	<u>644,303</u>	<u>651,402</u>

Note: Operational assets includes inherited assets and newly constructed assets. Included are assets of net book value €19,529,000 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 €12,106,000. Currency translation adjustment is the difference between the net book value of fixed assets calculated using year-end exchange rates and their net book value stated at historic rates of exchange.

2018 Revaluations

	Net Book Value at 01.01.2018	Revaluation	Additions Disposals Other Movements 2018	Net Book Value at 31.12.2018
	€'000	€'000	€'000	€'000
Surplus Assets	35,062	(309)	(32,308)	2,445
Land and Buildings	15,569	(12,654)	31,774	34,689
Plant, Vehicles and Machinery	6,542	63	735	7,340
Operational Assets	726,129	12,106	(5,439)	732,796
	783,302	(794)	(5,238)	777,270

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.

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.

Where projects not yet completed will create new assets or a revaluation of an existing operational asset, the related project costs have been included in work in progress in the 2018 accounts.

An impairment procedure is in place and is reflected in revaluations in 2018.

8. Short Term Investment

	€'000 2018	STG£'000 2018	€'000 2017	STG£'000 2017
Euro Fixed Term Deposit	3,000	2,691	1,000	887
Total	3,000	2,691	1,000	887

9. Cash at Bank and in Hand

	€'000 2018	STG£'000 2018	€'000 2017	STG£'000 2017
Sterling Bank Account	563	504	3	2
Euro Bank Account	1,205	1,081	609	540
Euro Bank Reserve Account	1,508	1,353	5,293	4,697
Petty Cash	2	2	2	2
Total	3,278	2,940	5,907	5,241

10. Stocks

	€'000 2018	STG£'000 2018	€'000 2017	STG£'000 2017
Hardware	164	147	238	211
Timber	452	406	575	511
Fuel and Lubricants	17	15	21	19
Protective Clothing	62	56	69	61
Spare Parts and Filters	26	23	35	31
Smart Cards	12	11	18	16
Publications	23	21	27	24
Miscellaneous	15	13	28	25
Total	771	692	1,011	898

11. Debtors and Prepayments

	€'000 2018	STG£'000 2018	€'000 2017	STG£'000 2017
Amounts falling due within one year:				
Trade Debtors	174	156	175	155
Less: Provision for bad debt	(24)	(22)	(36)	(32)
Other Debtors	383	344	50	44
Prepayments	699	627	1,188	1,055
Total	1,232	1,105	1,377	1,222
Amounts falling due after one year:				
Prepayments	139	125	73	65
Total	1,371	1,230	1,450	1,287

12. Creditors and Accruals

	€'000 2018	STG£'000 2018	€'000 2017	STG£'000 2017
Amounts falling due within one year:				
Trade Creditors	77	69	55	49
Other Creditors	2,245	2,014	911	808
VAT	7	6	8	7
Accruals and Deferred Income	1,097	984	1,573	1,396
Total	3,426	3,073	2,547	2,260
Amounts falling due after one year:				
Deferred Income	100	90	104	92
Total	3,526	3,163	2,651	2,352

13. Other Operating Leases

	€'000	€'000	€'000	€'000
	2018	2018	2017	2017
			Restated	Restated
At 31st December 2018 - future lease payments under non-cancellable operating leases for each of the following periods:				
Leases which expire:				
	Land and Buildings	Other	Land and Buildings	Other
Within one year	260	8	261	11
Between two and five years	418	1	678	9
More than five years	1	-	2	-
	679	9	941	21
	STG€'000	STG€'000	STG€'000	STG€'000
	2018	2018	2017	2017
Leases which expire:				
	Land and Buildings	Other	Land and Buildings	Other
Within one year	230	7	229	10
Between two and five years	370	1	594	8
More than five years	1	-	2	-
	601	8	824	19

Note: 2017 Comparative figures have been restated in line with FRS102

14. Total Provision

	€'000	STG€'000	€'000	STG€'000
	2018	2018	2017	2017
At 31st December Total Provision	3,797	3,406	3,287	2,917

14.1 Provision for Claims Settlement

	Notes	€'000	STG€'000	€'000	STG€'000
		2018	2018	2017	2017
At 1st January		3,287	2,917	1,671	1,434
Provision utilised in year		(389)	(344)	(194)	(170)
Provision in year	6	899	795	1,810	1,586
Difference on currency translation		-	38	-	67
At 31st December		3,797	3,406	3,287	2,917

Note: This provision represents a reliable estimate of probable settlements for legal cases and Revenue payment of Tax, Interest and Penalties against the Body.

14.2 Provision for Carnroe Weir

	Notes	€'000	STG€'000	€'000	STG€'000
		2018	2018	2017	2017
At 1st January		-	-	475	408
Provision in year	5	-	-	(475)	(416)
Difference on currency translation		-	-	-	8
At 31st December		-	-	-	-

Note: The 2017 accounts include a reversal of provision of €475,000 charged to the Statement of Income and Expenditure Account in prior years for the repair of the weir. Waterways Ireland impaired this asset in 2017 to €50,000. 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.

15. Notes to Cash Flow Statement

15.1 Reconciliation of result for the year to net cash generated from operating activities:

	€'000	STG€'000	€'000	STG€'000
	2018	2018	2017	2017
Result for the year	(1,696)	(1,500)	(444)	(389)
Depreciation	11,271	9,970	9,016	7,900
Amortisation of Capital Grants	(11,271)	(9,970)	(9,134)	(8,003)
(Profit)/Loss on disposal of fixed assets	(16)	(14)	(4)	(4)
Decrease/(Increase) in stock	240	215	(118)	(105)
Decrease/(Increase) in debtors	79	71	571	507
(Decrease)/Increase in creditors	875	785	(897)	(796)
Provisions	510	457	1,141	1,012
Difference on currency translation	-	(21)	-	(8)
Net cash generated from operating activities	(8)	(7)	131	114

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

15.2 Reconciliation of net cash in/(out)flow to movement in cash and cash equivalents:

	€'000	STG€'000	€'000	STG€'000
	2018	2018	2017	2017
Cash and cash equivalents at 1st January	5,907	5,241	3,563	3,058
Net cash inflow/(outflow)	(2,629)	(2,301)	2,344	2,183
Cash and cash equivalents at 31st December	3,278	2,940	5,907	5,241
Net cash inflow/(outflow) from operating activities	(8)	(7)	131	114
Net cash inflow/(outflow) from non operating activities	(2,621)	(2,294)	2,213	2,069
Net cash (outflow)/inflow	(2,629)	(2,301)	2,344	2,183

16. Capital Commitments

Capital commitments at 31st December 2018 for which no provision has been made:

	€'000	STG€'000	€'000	STG€'000
	2018	2018	2017	2017
Contracted	1,185	1,063	1,941	1,722
Authorised but not contracted	9,739	8,735	8,181	7,259

Note: Formal approval on 2018 capital programme has not been received.

17. Pensions

17.1 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 2018 together with a corresponding asset.

The valuation used for FRS102 disclosures at 31st December 2018 has been carried out by a qualified independent actuary (Deloitte Total Reward and Benefits Limited). The results this year have been prepared by carrying out a full valuation of the Scheme's liabilities incorporating market conditions and scheme data at 31st December 2018.

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

At 31st December	2018	2017	2016	2015	2014
Discount rate Northern Ireland	2.75%	2.50%	2.70%	3.70%	3.60%
Discount rate Republic of Ireland	2.15%	2.10%	1.90%	2.65%	2.10%
Rate of increase in Consumer Price Index Northern Ireland	2.15%	2.10%	2.30%	1.90%	2.00%
Rate of increase in Consumer Price Index Republic of Ireland	1.40%	1.65%	1.50%	2.00%	2.00%
Rate of increase in salaries	2.15%	2.10%	2.30%	2.90%	3.00%
Average rate of increase for pensions Northern Ireland in line with CPI	2.15%	2.10%	2.30%	1.90%	2.00%
Average rate of increase for pensions Republic of Ireland					
in line with salary increases	2.15%	3.00%	3.00%	2.90%	3.00%
in line with CPI	1.40%	1.65%	1.50%	2.00%	2.00%
Average expected future life at age 65 for					
Male currently aged 65	21.9	22.1	22.2	21.9	22.1
Female currently aged 65	23.8	23.9	24.2	23.8	24.3
Male currently aged 45	23.3	23.5	23.9	23.1	23.5
Female currently aged 45	25.4	25.4	26.1	25.3	25.8

17.2 Movement in Net Pension Liability during the financial year:

	€'000 2018	STG£'000 2018	€'000 2017	STG£'000 2017
(Deficit) in the plan at the beginning of the year	(111,703)	(99,115)	(117,043)	(100,457)
Benefits paid during the year	2,800	2,477	2,217	1,943
Net transfer (in)/out of the scheme	(3)	(3)	(9)	(8)
Current service cost	(5,755)	(5,091)	(5,512)	(4,830)
Past Service Credit	-	-	-	-
Other finance income/(charge)	(2,473)	(2,188)	(2,341)	(2,051)
Actuarial gain/(loss)	4,691	4,208	10,985	9,747
Difference on currency translation	-	(1,143)	-	(3,459)
(Deficit) in the plan at the end of the year	(112,443)	(100,855)	(111,703)	(99,115)

	Note	€'000 2018	STG£'000 2018	€'000 2017	STG£'000 2017	Restated
Experience gain/(loss)	17.5	(3,074)	(2,757)	8,108	7,194	
Gain/(loss) due to currency movements		538	483	(2,553)	(2,265)	
Gain/(loss) on change of financial assumptions		7,227	6,482	5,430	4,818	
Actuarial gain/(loss)		4,691	4,208	10,985	9,747	

The main element of the actuarial gain of €4,691,000 relates to the changes in actuarial assumption which have decreased the value placed on the liabilities. The change in the Northern and Southern discount rates and inflation rates result in an €6,512,000 decrease in the value of the liabilities. The change in mortality assumption decreases the liabilities further of around €715,000. This has been partially offset by an experience loss on the liabilities which reflects the fact that a full actuarial valuation has been carried out and experience over the year was different from that assumed at the previous year end. During the year employee contributions were received of €614,000 (2017: €612,000) which were remitted to DCHG 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.

17.3 Income and Expenditure Account analysis for the financial year:

	Notes	€'000 2018	STG£'000 2018	€'000 2017	STG£'000 2017
Current service cost		5,755	5,091	5,512	4,830
Other finance income/(charge)		2,473	2,188	2,341	2,051
Benefits paid during the year		(2,800)	(2,477)	(2,217)	(1,943)
Net transfers (out of)/in to the scheme		-	-	9	8
Net deferred funding for pensions	3	5,428	4,802	5,645	4,946

Note: Net transfer out of the Scheme in 2016 relates to a retirement.

Current service cost		5,755	5,091	5,512	4,830
Other finance income/(charge)		2,473	2,188	2,341	2,051
Current pension service costs	4	8,228	7,279	7,853	6,881

17.4 Deferred Pension Funding

	€'000	STG£'000	€'000	STG£'000
	2018	2018	2017	2017
At 1st January	111,703	99,115	117,043	100,457
(Decrease)/Increase in Deferred Funding of Pension Asset	740	655	(5,340)	(4,679)
Difference on currency translation	-	1,085	-	3,337
At 31st December	112,443	100,855	111,703	99,115

Waterways Ireland recognises an asset representing resources to be made available by the UK and Irish Exchequers for the unfunded deferred liability for pensions on the basis of a number of past events. These events include the statutory backing for the superannuation schemes, and the policy and practice in relation to funding public service pensions in both jurisdictions including the annual estimates process. While there is no formal agreement and therefore no guarantee regarding these specific amounts with the funding bodies, Waterways Ireland has no evidence that this funding policy will not continue to progressively meet this amount in accordance with current practice. The deferred funding asset for pensions as at 31 December 2018 amounted to €112m (2017 €111m).

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.

17.5 History of Defined Benefit Liabilities

	Notes	€'000	€'000	€'000	€'000	€'000
		2018	2017	2016	2015	2014
Surplus/(Deficit) at 31st December		(112,443)	(111,703)	(117,043)	(96,180)	(107,623)
Experience gain/(loss)	17.2	(3,074)	8,108	(7,648)	(481)	1,289
Percentage of Scheme Liabilities		2.70%	7.3%	-6.5%	-0.5%	1.2%
	Notes	STG£'000	STG£'000	STG£'000	STG£'000	STG£'000
		2018	2017	2016	2015	2014
Surplus/(Deficit) at 31st December		(100,855)	(99,115)	(100,457)	(70,695)	(83,812)
Experience gain/(loss)	17.2	(2,757)	7,194	(6,252)	(354)	1,004
Percentage of Scheme Liabilities		2.70%	7.3%	-6.2%	-0.5%	1.2%

17.6 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 Culture, Heritage and the Gaeltacht. 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 the body to both Departments. There was one transfer in to the scheme in the year of €11,000.

17.7 Employees Leaving

In the event of staff leaving Waterways Ireland the service in Waterways Ireland, is funded by DfI at 15% and DCHG 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 was one transfer out of the scheme in the year of €8,000.

17.8 Pension Arrangements - General Description of the Scheme

The pension scheme consists of a number of sections with different benefit structures. The main sections are:

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 has increased per DPER, and from 26 December 2018, an increase in the compulsory retirement age to 70 will apply as set out in the Public Service Superannuation (Age of Retirement) Bill 2018 on an administrative basis. 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 in the relevant jurisdiction, which is currently 67, 68 or between 67 and 68 in the UK and 68 in Ireland. 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 2018 has been carried out by a qualified independent actuary (Deloitte). The results this year have been prepared by carrying out a full valuation of the Scheme's liabilities incorporating market conditions and scheme data at 31 December 2018.

18. Contingent Liabilities

The contingent liability of Waterways Ireland at 31st December 2018 is €210,000, (2017 €210,000) and is based on past experience and calculated at 60% of the best estimate set for each case.

Waterways Ireland attended the Labour Court on 18th June 2019 to reply on a case regarding the outstanding payment of Country money to employees. Waterways Ireland and SIPTU Trade Union presented their submissions and following a range of questions from the Chair and the panel they retired to consider their recommendation. The outcome of this case will determine whether employees are entitled to compensation. Until this occurs no value has been included in the accounts.

19. Performance Against Key Financial Targets

Annual action 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 1 of the Annual Report.

At the date of approval of these accounts, Waterways Ireland's 2018 Business Plan had not been formally approved by the Sponsor Departments, Finance Departments or the North South Ministerial Council (NSMC). Approval is unlikely to be received until the Northern Ireland Assembly is in session.

DfI has implemented contingency arrangements, put in place by DoF to enable the payment of funding to the Body.

20. Related Party Transactions

Waterways Ireland is a cross border implementation Body sponsored by DCHG 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 complied within the period under review.

None of the members of the key management staff of Waterways Ireland or their related parties has undertaken any material transactions with Waterways Ireland during the financial year 1st January 2018 – 31st December 2018.

21. Losses Register

A Losses Register is maintained by Waterways Ireland. Losses recorded during the year amounted to €158,000 (2017 €378,000) and have been incorporated within these accounts where the cost relates to this financial year. Public liability claims are €104,000 (2017 €140,000), employee related claims are €0 (2017 €100,000), Late payment of commercial debt are €9,000 (2017 €6,000) and other claims are €45,000 (2017 €132,000).

22. Financial Instruments, Liquidity, Interest Rate and Foreign Currency Risk

22.1 Financial Instruments

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

22.2 Liquidity, Interest Rate and Foreign Currency Risk

The Body'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.

The Body does not access funds from commercial sources and so is not exposed to significant interest rate risk.

The Body'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. The Body faces significant exchange rate uncertainty.

23. 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 2018 were authorised to be issued on 4th July 2019 by the Accounting Officer.

Appendix 1

Accounts Direction

Waterways Ireland

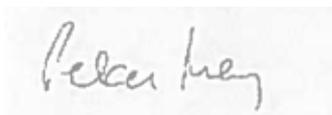
ACCOUNTS DIRECTION GIVEN BY THE NORTHERN IRELAND DEPARTMENT FOR INFRASTRUCTURE AND, THE IRISH DEPARTMENT OF CULTURE, HERITAGE, AND THE GAELTACHT WITH THE APPROVAL OF THE FINANCE DEPARTMENTS, IN ACCORDANCE WITH THE NORTH/SOUTH CO-OPERATION (IMPLEMENTATION BODIES) (NORTHERN IRELAND) ORDER 1999 AND THE 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 period 31 December 2017 and subsequent financial years in accordance with:

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

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

Signed by authority of the Department for Infrastructure



Name: Peter May

29 June 2018

Signed by authority of the Department of Culture, Heritage and the Gaeltacht



Name: Katherine Licken (Secretary General)

28 June 2018