



Appropriation Account 2014

Vote 30

Agriculture, Food and the Marine

Introduction

As Accounting Officer for Vote 30, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2014 for the salaries and expenses of the Office of the Minister for Agriculture, Food and the Marine, including certain services administered by that Office, and of the Irish Land Commission and for payment of certain grants, subsidies and sundry grants-in-aid and for the payment of certain grants under cash-limited schemes.

The expenditure outturn is compared with the sums

- (a) granted by Dáil Éireann under the Appropriation Act 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- (b) provided for capital supply services in 2014 out of unspent 2013 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €13.66 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 7 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the Account with the exception of the following:

Capital assets

A schedule of all land and buildings administered by the Department is appended to the account. However, as valuations for all of these properties are not available, they are not included in the statement of capital assets.

Depreciation

The Integrated Forestry Management System (IFORIS) and Integrated Fisheries Information System (IFIS) software is depreciated at 20%.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Department.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

Financial control environment

I confirm that a control environment containing the following elements is in place

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- There is an appropriate budgeting system with an annual budget which is kept under review by senior management.
- There are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts.
- A risk management system operates within the Department.
- There are systems aimed at ensuring the security of the ICT systems.
- There are appropriate capital investment control guidelines and formal project management disciplines.
- The Department ensures that there is appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. The Department complied with the guidelines with the exception of sixteen contracts to the value of €1.257 million which were listed in my annual return in respect of Circular 40/2002. Competitive processes have been undertaken for fourteen of these contracts in 2015. In 2014, the value of those contracts amounted to €1.05 million. The remaining contracts relate to services where only a single suitable supplier could be used.

Internal Audit and Audit Committee

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Review of financial management and control

The Department has a number of mechanisms to review and evaluate its financial management and control systems on an ongoing basis. These include its Accreditation Review Group, its Audit Committee and its Risk Management System.

The Accreditation Review Group, which is chaired by me, reviews EU audit findings and monitors progress in addressing identified control issues and in meeting the accreditation requirements laid down by regulation for EU paying agencies.

The Department is subject to a range of audits by the Comptroller and Auditor General, the Internal Audit Unit, the EU Court of Auditors, the EU Commission and by an independent certifying body - a professional accountancy firm - which certifies the annual EAGF and EAFRD accounts. In 2014 the Department was subject to approximately 2,490 audit person days by these bodies. I provided management declaration to the certifying body for the EU annual accounts as required by Council Regulation 1360/2013.

ICT Security

The Department has a strong commitment to the security of its information and communication technology systems, which are also independently reviewed. Documented backup/recovery procedures are in place for all critical data, including the use of secure offsite storage services and disaster recovery facilities. The Department has a dedicated IT Security Unit and is proactive in the development and promotion of IT security policies. ICT security arrangements are subject to review by the IT audit section of the Internal Audit Unit. In addition, the Department, in its role as a paying agency on behalf of the European Union, is subject to an annual accreditation audit, which includes a computer risk management review. As part of the accreditation process, the Department has chosen to adopt the international standard ISO 27001: Code of Practice for Information Security Management, as the basis for its IT security.

Shared Services

I have fulfilled my responsibilities in relation to the requirements of the service management agreement between this Department and the National Shared Service Office for the provision of human resources shared service.

Aidan O'Driscoll

Accounting Officer

Department of Agriculture, Food and the Marine

31 March 2015

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 30 Agriculture, Food and the Marine

I have audited the appropriation account for Vote 30 Agriculture, Food and the Marine for the year ended 31 December 2014 under Section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

In accordance with Section 22 of the Exchequer and Audit Departments Act 1866, the Accounting Officer is required to prepare the appropriation account. By law, the account must be submitted to me by 31 March following the end of the year of account.

The Accounting Officer is also responsible for the safeguarding of public funds and property under his control, for the efficiency and economy of administration by his Department and for the regularity and propriety of all transactions in the appropriation account.

Responsibility of the Comptroller and Auditor General

I am required under Section 3 of the Comptroller and Auditor General (Amendment) Act 1993 to audit the appropriation accounts of all Votes and to perform such tests as I consider appropriate for the purpose of the audit.

Upon completion of the audit of an appropriation account, I am obliged to provide a certificate stating whether, in my opinion, the account properly presents the receipts and expenditure related to the Vote. I am also required to refer to any material case in which

- a department or office has failed to apply expenditure recorded in the account for the purposes for which the appropriations made by the Oireachtas were intended, or
- transactions recorded in the account do not conform with the authority under which they purport to have been carried out.

Under Section 3 (10) of the Comptroller and Auditor General (Amendment) Act 1993, I am required to prepare each year, a report on any matters that arise from the audits of the appropriation accounts or examinations of accounting controls.

Scope of audit

An audit includes examination, on a test basis, of evidence relevant to the amounts and regularity of financial transactions included in the account and an assessment of whether the accounting provisions of the Department of Public Expenditure and Reform's *Public Financial Procedures* have been complied with.

The audit involves obtaining sufficient evidence to give reasonable assurance that the appropriation account is free from material misstatement, whether caused by fraud or other irregularity or error. I also seek to obtain evidence about the regularity of financial transactions in the course of the audit. In forming the audit opinion, the overall adequacy of the presentation of the information in the appropriation account is evaluated.

Opinion on the appropriation account

In my opinion, the appropriation account properly presents the receipts and expenditure of Vote 30 Agriculture, Food and the Marine for the year ended 31 December 2014.

I have obtained all the information and explanations I considered necessary for the purposes of my audit. In my opinion, proper books of account have been kept by the Department of Agriculture, Food and the Marine. The appropriation account is in agreement with the books of account.

Non compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that material instances of non-compliance with national procurement rules occurred in respect of contracts that operated in 2014.

Reporting on matters arising from audit

Chapter 14 of my report on the accounts of the public services for 2014 refers to certain other matters relating to Vote 30 Agriculture, Food and the Marine.

Seamus McCarthy
Comptroller and Auditor General

31 August 2015

Vote 30 Agriculture, Food and the Marine

Appropriation Account 2014

		2014		2013
		Estimate provision		Outturn
		€000	€000	€000
Programme expenditure				
A	Agri-food policy, development and trade			
	<i>Original</i>	358,191		
	<i>Supplementary</i>	(1,000)	357,191	343,028
B	Food safety, animal health and welfare and plant health		205,444	199,698
C	Rural economy, environment and structural changes			
	<i>Current year provision</i>	396,658		
	<i>Deferred surrender</i>	16,800	413,458	415,839
D	Direct payments		242,607	232,895
Gross expenditure				
	<i>Current year provision</i>	1,201,900		
	<i>Deferred surrender</i>	16,800		
			1,218,700	1,191,460
				1,206,643
<i>Deduct</i>				
E	Appropriations-in-aid			
	<i>Original</i>	244,797		
	<i>Supplementary</i>	(178,000)		
			66,797	71,220
				241,748
Net expenditure				
	<i>Original</i>	958,103		
	<i>Deferred surrender</i>	16,800		
	<i>Supplementary</i>	177,000		
			1,151,903	1,120,240
				964,895

Surplus for surrender

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Under Section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spending in the following year.

	2014	2013
	€	€
Surplus	31,663,091	36,173,258
Deferred surrender	(18,000,000)	(16,800,000)
Surplus to be surrendered	<u>13,663,091</u>	<u>19,373,258</u>

Analysis of administration expenditure

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	163,966	164,179	171,952
ii	Travel and subsistence	7,050	6,995	6,713
iii	Training and development and incidental expenses	3,500	2,952	2,673
iv	Postal and telecommunications services	4,716	4,076	4,030
v	Office equipment and external IT services	23,861	23,493	18,539
vi	Office premises expenses	5,799	5,942	6,384
vii	Consultancy services and value for money and policy reviews	41	179	121
viii	Supplementary measures to protect the financial interests of the EU	1,554	536	578
ix	Laboratory services	5,800	4,777	5,647
x	EU Presidency	—	16	809
		216,287	213,145	217,446

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014	2013
	€000	€000
Programme cost	978,315	989,197
Pay	164,179	172,103
Non pay	48,966	45,343
Gross expenditure	1,191,460	1,206,643
<i>Deduct</i>		
Appropriations-in-aid	71,220	241,748
Net expenditure	1,120,240	964,895
Changes in capital assets		
Purchases cash	(4,923)	
Depreciation	4,158	
Disposals cash	51	
Gain on disposals	(51)	
	(765)	1,785
Changes in net current assets		
Decrease in closing accruals	(175,647)	
Increase in stock	(273)	
	(175,920)	121,155
Direct expenditure	943,555	1,087,835
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	64,171	58,465
Notional rents	6,676	6,693
Net programme cost	1,014,402	1,152,993

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 30 borne elsewhere.

	2014	2013
	€000	€000
Vote 12 Superannuation and Retired Allowances	59,967	53,522
Vote 13 Office of Public Works	3,896	4,492
Central Fund - ministerial pensions	308	451
	64,171	58,465

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	12,984	12,219
Current assets			
Bank and cash	2.3	23,529	75,671
Stocks	2.4	3,830	3,557
Prepayments		2,392	1,485
Accrued income:			
EAFRD funding due from the EU		181,000	—
Other amounts due from the EU		550	1,300
Scheme overpayments	6.2	3,022	4,257
Due from services		7,030	7,180
Other debit balances	2.5	9,911	1,569
Total current assets		231,264	95,019
Less current liabilities			
Accrued expenses		7,839	3,714
Other credit balances	2.6	9,579	59,489
Net liability to the Exchequer	2.7	23,861	17,751
Total current liabilities		41,279	80,954
Net current assets		189,985	14,065
Net assets		202,969	26,284
Represented by:			
State funding account	2.1	202,969	26,284

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		26,284	149,224
Disbursements from the Vote			
Estimate provision	Account	974,903	
Net supplementary	Account	177,000	
Deferred surrender	Account	(18,000)	
Surplus to be surrendered	Account	(13,663)	
Net vote		1,120,240	964,895
Expenditure (cash) borne elsewhere	1	64,171	58,465
Non cash expenditure – notional rent	1	6,676	6,693
Net programme cost	1	(1,014,402)	(1,152,993)
Balance at 31 December		202,969	26,284

2.2 Capital Assets

	Office equipment/ other machinery €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2014	223,783	14,070	237,853
Additions	4,909	14	4,923
Disposals	(1,572)	—	(1,572)
Cost or valuation at 31 December 2014	227,120	14,084	241,204
Accumulated depreciation			
Opening balance at 1 January 2014	212,781	12,853	225,634
Depreciation for the year	3,848	310	4,158
Depreciation on disposals	(1,572)	—	(1,572)
Cumulative depreciation at 31 December 2014	215,057	13,163	228,220
Net assets at 31 December 2014	12,063	921	12,984
Net assets at 31 December 2013	11,002	1,217	12,219

Land and buildings are not included in the above statement. A listing of land and buildings administered by the Department is appended to the account.

2.3 Bank and Cash

at 31 December	2014 €000	2013 €000
PMG balances	19,438	71,143
Commercial bank balances	4,172	5,974
Orders outstanding	(81)	(1,446)
	23,529	75,671

2.4 Stocks

at 31 December	2014 €000	2013 €000
Laboratory supplies and chemicals	539	559
Stationery supplies	152	146
Computer supplies	25	49
Veterinary supplies	2,704	2,437
Livestock	306	252
Agricultural stock	73	70
Cleaning supplies	14	11
Oil stocks	17	33
	3,830	3,557

2.5 Other Debit Balances	2014	2013
at 31 December	€000	€000
Imprests and recoupable travel costs	175	195
Department of Finance recoupable gratuities and retirement lump sums	2	31
Advance payments to OPW	998	1,168
Due from local authorities in respect of harbour development	66	66
Amount recoupable from EU	5,642	—
Salary advances from Exchequer	2,873	—
Other	155	109
	<u>9,911</u>	<u>1,569</u>

2.6 Other Credit Balances	2014	2013
at 31 December	€000	€000
Amounts due to the State		
Withholding Tax	747	604
Value Added Tax	527	766
Relevant Contracts Tax	3	10
Superannuation	5	376
VAT on Sales	88	—
Local Property Tax	11	4
Extra Exchequer Receipts	54	—
Pay Related Social Insurance	—	1
	<u>1,435</u>	<u>1,761</u>
Securities	208	399
Milk quota sales and levies	550	565
Pesticides licensing fees	1,122	1,956
EU advances	—	48,149
Miscellaneous	6,264	6,659
	<u>9,579</u>	<u>59,489</u>

2.7 Net Liability to the Exchequer	2014	2013
at 31 December	€000	€000
Surplus to be surrendered	13,663	19,373
Deferred surrender	18,000	16,800
Exchequer grant undrawn	(7,802)	(18,422)
Net liability to the Exchequer	<u>23,861</u>	<u>17,751</u>

Represented by:**Debtors**

Bank and cash	23,529	75,671
Debit balances: suspense	<u>9,911</u>	<u>1,569</u>
	33,440	77,240

Creditors

Due to State	(1,435)	(1,761)
Credit balances: suspense	<u>(8,144)</u>	<u>(57,728)</u>
	(9,579)	(59,489)

	<u>23,861</u>	<u>17,751</u>
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2.8 Commitments

at 31 December

			2014	2013
	Due 2015	Subsequent years	Total	Total
	€000	€000	€000	€000
(a) Procurement	12,419	12,766	25,185	30,840
(b) Grants				
Capital investment grants	13,320	2,100	15,420	23,700
Food research	14,628	49,690	64,318	59,422
Afforestation	113,590	616,278	729,868	767,443
Bioenergy	192	—	192	215
Grants to the organic sector	8,839	7,500	16,339	28,261
Farm Improvement Scheme	22,728	8,391	31,119	36,158
Early Retirement Scheme	8,143	11,336	19,479	29,400
Rural Environment Protection Scheme	32,227	6	32,233	167,097
Agri Environment Options Scheme	73,000	112,500	185,500	246,500
Horticulture Scheme	335	—	335	343
Imported Fodder Transport	—	—	—	574
Animal Health Ireland	500	1,000	1,500	530
On Farm Market Valuation	115	—	115	47
Total of legally enforceable commitments	300,036	821,567	1,121,603	1,390,530

Significant variations

An explanation is provided below where multi-annual commitments increased/(decreased) by more than €500,000 from 2013 to 2014.

Grants	Amount of increase/ (decrease) €000	Explanation
Capital investment grants	(8,280)	No new awards are being made under these schemes. The level of commitments falls each year as projects are completed or do not proceed.
Food research	4,896	A new research call was launched in early 2014 which resulted in the funding of new awards totalling €20.7 million approx. in the final quarter of 2014 and this has led to increased ongoing commitments. The majority of these research projects are funded over a 3 to 5 year period with an initial payment when the award is made.
Afforestation	(37,575)	In 2014, 6,156 ha of new forestry was grant aided. Annual premiums will be paid on these contracts up to 2034 so there is a new commitment in the region of €70 million.
Grants to the organic sector	(11,922)	Movement on the commitment is as a result of re-profiling the commitment on actual applicants rather than budget. The scheme is closed and these commitments will be paid down by 2018. A new 5 year scheme is being launched in 2015.
Farm Improvement Scheme	(5,039)	The scheme is closed and commitments are winding down as profiled.

Grants	Amount of increase/ (decrease) €000	Explanation
Early Retirement Scheme	(9,921)	The expenditure for ERS is decreasing each year as the scheme has been closed to new applicants since 2008. There has been no increase in payments to ERS participants and people are leaving the scheme each month, usually as their 10 year participation period ends.
Rural Environment Protection Scheme	(134,864)	The commitment movement in the REPS budget reflects the fact that the scheme is ending on 31 December 2015, with the remaining 850 approx. participants exiting the scheme.
Agri Environment Options Scheme	(61,000)	The movement in the commitment figure reflects the expenditure in 2014. The total commitment declared is for the duration of the AEOS schemes, which are closed to new entrants.
Imported Fodder Transport	(574)	Scheme was a once off and is now finished.
Animal Health Ireland	970	The movement in the commitment reflects a new round of funding for the years 2015 to 2018.

3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Agri-Food Policy, Development and Trade			
A.1	Administration - pay	16,133	16,154	16,724
A.2	Administration - non pay	4,486	4,119	4,406
A.3	Research and training	28,318	25,908	29,568
A.4	Development of agriculture and food	15,120	9,718	11,807
A.5	Teagasc - grant-in-aid for general expenses	108,710	108,710	110,838
A.6	An Bord Bia - grant-in-aid for general expenses	28,690	27,282	27,734
A.7	Marine Institute (grant-in-aid)	23,480	23,479	21,945
A.8	Bord Iascaigh Mhara (grant-in-aid)	18,484	18,234	15,929
A.9	Food aid donations - World Food Programme	9,960	9,960	10,960
A.10	Other services	27,590	23,493	22,469
A.11	Horse and Greyhound Racing Fund	54,220	54,220	55,020
A.12	Beef genomics scheme			
	<i>Original</i>	23,000		
	<i>Supplementary</i>	(1,000)	22,000	21,751
				—
			357,191	343,028
				327,400

Significant variations

Overall, the gross expenditure in relation to Programme A was €14.16 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Research and training	2,410	It is difficult to anticipate expenditure accurately as research projects are normally of 3 to 5 years duration and payment is dependent on progress. Also, progress on a large number of projects was delayed due to research staff changes/recruitment in one of the main research bodies, contributing to the under spend.
Development of agriculture and food	5,402	€4,226,000 has been deferred because there was a lower rate of investment than estimated under the demand led Marketing and Processing Grant schemes due to some projects not being progressed as quickly as anticipated.
Other services	4,097	€2,500,000 has been deferred because there were savings under this heading as the Johnstown Castle remediation project was not sufficiently progressed to draw down funding. There were also savings because fewer legal cases than expected were settled during the year.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Food Safety, Animal Health and Welfare and Plant Health			
B.1	Administration - pay	92,078	92,197	96,837
B.2	Administration - non pay	29,600	28,082	25,758
B.3	Food safety (and public health), animal health and welfare and plant health	83,766	79,419	90,303
		205,444	199,698	212,898

Significant variations

Overall, the gross expenditure in relation to Programme B was €5.75 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Food safety (and public health), animal health and welfare and plant health	4,347	Favourable weather conditions resulted in a reduction in animal mortality rates in 2014. Savings also arose where less testing was required under the BSE and scrapie contingency budget. Lower eligible applications under the suckler cow welfare scheme also contributed towards savings.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Rural Economy, Environment and Structural Changes			
C.1	Administration - pay	33,722	33,765	34,248
C.2	Administration - non pay	9,786	9,003	6,794
C.3	Rural environment	184,000	200,324	206,231
C.4	Land mobility (early retirement/ installation aid schemes)	10,010	10,523	14,719
C.5	Development of agriculture and food	24,605	21,963	16,469
C.6	Forestry and bioenergy			
	Current year provision	97,970		
	Deferred surrender	16,800	114,770	112,018
C.7	Fisheries	18,350	15,881	11,220
C.8	Sea Fisheries Protection Authority	10,635	10,123	9,997
C.9	Other services	1,880	434	1,504
C.10	Haulbowline remediation project	5,700	1,805	—
		413,458	415,839	412,335

Significant variations

Overall, the gross expenditure in relation to Programme C was €2.38 million higher than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Rural environment	(16,324)	The number of applications approved for payment under the REPS 4 scheme by year end (23,800) exceeded that originally provided for in the estimate (20,850).
Land mobility (early retirement/ installation aid schemes)	(513)	The excess occurred as less participants under the Early Retirement Schemes than anticipated qualified for the national old age pension at 65 or 66 years, the point at which the early retirement scheme pension is reduced by the amount of state pension paid.
Development of agriculture and food	2,642	<p>€2,000,000 has been deferred because expenditure under the targeted agricultural modernisation schemes and aid to the development of the organic sector was less than estimated as farmers have two years to complete works approved and it is difficult to determine the year payment will occur.</p> <p>The savings were partly offset by the higher than expected payments under the Sow Welfare Scheme where the deadline for completion of works was extended to 28 February 2014.</p>

Description	Less/(more) than provided €000	Explanation
Fisheries	2,469	€2,350,000 has been deferred because the savings arose due to some applicants not completing all of the capital fish processing projects approved and to other applicants who carried out the projects at a lower cost. There was also low uptake on eligible aquaculture development investment projects due to restrictions on eligible applicants as sites await licence renewal and access to credit from financial institutions for aquaculture operators was also a factor.
Other services	1,446	There was less expenditure under technical assistance than estimated as the expected transitional costs relating to the 2014-2020 Rural Development Programme did not arise.
Haulbowline remediation project	3,895	€3,895,000 has been deferred because expenditure under the Haulbowline Island remediation project was less than estimated as commencement of elements of the remediation was impacted by planning and waste water permissions issues and also by further testing prior to commencement.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D	Direct Payments			
D.1	Administration - pay	22,033	22,063	24,294
D.2	Administration - non pay	8,449	7,762	8,385
D.3	Income and market supports	17,025	8,758	19,326
D.4	Income support in disadvantaged areas	195,000	194,239	201,830
D.5	Other services	100	73	175
		<u>242,607</u>	<u>232,895</u>	<u>254,010</u>

Significant variations

Overall, the gross expenditure in relation to Programme D was €9.71 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Income and market supports	8,267	The savings arose under this heading as likely EU disallowances did not materialise during the year and there were less short term FEOGA related borrowings, resulting in lower interest payments.

4 Receipts

4.1 Appropriations-in-aid

		2014		2013
	Subhead	Estimated	Realised	Realised
		€000	€000	€000
1.	Recoupment of salaries, etc. of officers on loan to outside bodies	510	538	729
2.	Forfeited deposits and securities under EU intervention, export refund, etc. arrangements	1	990	197
3.	Refunds from veterinary fees for inspection services at poultry and other meat plants	B.3		
	<i>Original</i>	14,506		
	<i>Supplementary</i>	<u>1,000</u>	15,506	16,845
4.	Receipts from veterinary inspection fees for live exports	B.3	1,292	1,005
5.	Receipts from fees for dairy premises inspection services	B.3	5,000	5,688
6.	Receipts from the sale of vaccines, livestock, farm produce, etc. at Veterinary Research Laboratory and farm at Abbotstown; recoupment of quarantine expenses at Spike Island	B.3	805	840
7.	Receipts from seed testing fees, certification fees, licensing fees, pesticides, registration fees, etc. and receipts from Backweston farm	A.3	1,847	3,748
8.	Receipts from farmer contributions towards the cost of eradicating bovine disease	B.3		
	<i>Original</i>	5,000		
	<i>Supplementary</i>	<u>1,000</u>	6,000	6,671
9.	Land Commission receipts		355	497
10.	Other receipts		1,169	1,628
11.	Market intervention expenses and financing costs for other FEOGA (Guarantee) section measures	D.3	1	—
12.	Intervention stock losses, etc	D.3, D.5	1	1,366
13.	EAFRD (European Agricultural Fund for Rural Development)	C.3, C.4 C.5, D.4		—
	<i>Original</i>	180,000		
	<i>Supplementary</i>	<u>(180,000)</u>	—	—
14.	Veterinary Fund	B.3	12,000	11,622
15.	Other Guarantee receipts from EU (Agriculture)	D.3, D.5	964	1,029
16.	Other Guarantee receipts from EU (EAGGF Fisheries)	D.3	12	12
17.	Proceeds of fines and forfeitures in respect of sea fisheries	C.7	100	216
18.	Receipts under the 1933 Foreshore Act and the 1954 State Property Act	C.7	100	85
19.	EU recoupment in respect of expenditure on the conservation and management of fisheries	C.7	1	2,070
20.	Aquaculture licence fees	C.7	412	379
21.	EU FIFG receipts (aquaculture and development)	C.7	1	—
22.	EFF (Fisheries) 2007-2013	C.7	4,000	—
23.	Receipts from pension-related deduction on public service remuneration		16,720	15,991
Total			66,797	71,220
				241,748

Explanation of significant variations

An explanation is provided below in the case of each heading where the outturn varied from the amount estimated by more than €100,000, and by more than 5%.

Description	Less/(more) than estimated €000	Explanation
Forfeited deposits and securities under EU intervention, export refund, etc. arrangements	(989)	More income than estimated was received due to the unpredictable nature of forfeitures on licence securities.
Refunds from veterinary fees for inspection services at poultry and other meat plants	(1,339)	The higher than forecast level of receipts was due to increased number of animals slaughtered in all sectors and also more timely payment of outstanding fees.
Receipts from veterinary inspection fees for live exports	287	The reduced level of fees received reflected the decrease in live animals exported during the year.
Receipts from fees for dairy premises inspection services	(688)	There was a higher volume of milk processed than anticipated due to favourable weather conditions and also due to an increase in the dairy herd, resulting in more fees collected than estimated.
Receipts from seed testing fees, certification fees, licensing fees, pesticides, registration fees, etc. and receipts from Backweston Farm	(1,901)	The higher level of receipts than forecast was due to greater activity in pesticide certification and the transfer of fees held in a suspense account.
Receipts from farmer contributions towards the cost of eradicating bovine disease	(671)	The increased receipts from estimate were due mainly to increased levels of animals slaughtered at meat plants during the year.
Land Commission receipts	(142)	The higher level of receipts than estimated was due to a more aggressive follow up of amounts owed to the Land Commission and earlier payment of annuity redemptions than anticipated.
Other receipts	(459)	The excess mainly comprised of a repayment of a service charge on sugar levies over deducted from growers in 2001-2006; staff superannuation deductions from some of the state agencies were higher than estimated; and a higher level of fees for pet passports following a review of procedures.
Intervention stock losses, etc.	(1,365)	The receipts received on the closure of the annual FEOGA account are difficult to forecast as the final figure is dependent on the amounts of penalties imposed and collected.

Description	Less/(more) than estimated €000	Explanation
EAFRD (European Agricultural Fund for Rural Development)	(180,000)	The €180 million receipt forecast in 2014 related to expenditure incurred under the EAFRD 2014-2020 in the period 1 January 2014 to 15 October 2014. While expenditure may be made, claims for reimbursement can only be made following the formal adoption of the EAFRD Programme by the EU. It is expected that the new Programme will be formally approved by the EU in May 2015 and a claim for the reimbursement of the 2014 expenditure will now be made in July 2015. The supplementary was required to cover the timing difference between the expenditure being incurred and the reimbursement being made.
Proceeds of fines and forfeitures in respect of sea fisheries	(116)	Receipts from fines are variable, depending on the level of detections, the number of court cases completed and the level of fines and forfeitures imposed.
EU recoupment in respect of expenditure on the conservation and management of fisheries	(2,069)	Reimbursement under this heading was not provided for in the original estimate as receipts are dependent on funding available and on the suitability of projects.
EFF (Fisheries) 2007-2013	4,000	Funds in respect of a recoupment claim were not received by year end.

4.2 Extra Receipts Payable to the Exchequer

	2014 €000
Balance at 1 January	—
Surrender of suspense account balances	198
Legal expenses	16
Bord Bia pension contributions	3
Surrender of food processing industry assistance	37
Final distribution from liquidated company	163
Interest received for overpaid sugar production levies	716
Conscience money	4
Transferred to the Exchequer	(1,083)
Balance at 31 December	<u>54</u>

5 Employee Numbers and Pay

The following employee numbers and pay information relates to the Department and its associated State bodies.

	2014	2013
Number of staff at year end (full time equivalents)	4,421	4,700
	2014	2013
	€000	€000
Pay	204,076	213,743
Higher, special or additional duties allowance	2,561	2,446
Other allowances	1,252	1,067
Overtime	3,451	3,600
Employer's PRSI	10,644	10,807
Total Pay	221,984	231,663

The allowance, overtime and other remuneration details in note 5.1, 5.2 and note 5.3 below relate only to the Department's staff, paid directly from the Vote under programmes A to D. Detailed information in relation to the remuneration arrangements of the Department's associated State bodies is available from the relevant annual reports or directly from the State bodies concerned.

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	482	7	25,827	18,706
Other allowances	403	20	20,686	20,599
Overtime	708	82	31,970	35,519

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

€812,534 in total was paid to 53 retired civil servants in receipt of civil service pensions, who were re-engaged on a fee basis. Fees paid were consistent with the principles of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012.

This account includes €25,974 in respect of the non-recoupable portion of the remuneration of an officer seconded to a staff representative body.

5.3 Overpayments Arising due to Delays in Salary Instructions

	2014 €	2013 €
Overpayments arising due to delays in salary instructions	258,566	71,750

6 Miscellaneous

6.1 EU Funding

Council Regulation (EC) No. 1290/2005 introduced the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD) with effect from the 2007 EU budget year (16 October 2006 - 15 October 2007). The EAGF finances direct payments and market supports while the EAFRD co-finances rural development measures under approved rural development programmes. The EAGF and the EAFRD replaced the EAGGF Guarantee and Guidance Funds respectively.

The Department's activities include measures fully funded by the EAGF and activities co-financed by the EAFRD and from the Vote.

Programmes C and D include expenditure in respect of activities co-financed by the EU through the EAFRD. Programme C also includes expenditure in respect of activities that are co-financed from the EU Veterinary Fund. Programme C includes expenditure in respect of activities co-financed by the EU through the Financial Instrument for Fisheries Guidance, 2000-2006 (FIFG) and the European Fisheries Fund, 2007-2013 (EFF). Programme D includes a charge to the Vote of ~~€~~97,164 for EU funding which has been disallowed.

The Account includes interest of ~~€~~488,082 paid on short-term borrowings of ~~€~~715 million borrowed in 2013 to fund EAGF Guarantee expenditure pending recoupment from the EU. The borrowings were repaid in 2014 along with interest.

A total of ~~€~~677 million in short-term funds were borrowed in 2014 to fund EAGF Guarantee expenditure pending EU recoupment in 2015. These loans are not reflected in Note 2.

EU-funded expenditure managed by the Department of Agriculture, Food and the Marine

EAGF Guarantee (measures fully funded by the EU)	2014	2013
	€m	€m
Single payment scheme (including modulation refund)	1,178	1,202
Grassland Sheep, Dairy Efficiency, Burren Life (EU Reg 73/2009 Article 68 Measures)	24	19
Export refunds	—	—
Intervention	—	3
Milk superlevy	(10)	—
Other	2	(15)
Co-funded receipts (measures co-funded by EU)^a	2014	2013
	€m	€m
Agriculture		
EAFRD Rural Development Programme 2007-2013 ^b	—	173
Veterinary Fund	12	14
Other co-financing receipts	2	2
Fisheries		
FIFG - aquaculture development/fisheries development	2	2
EFF - European Fisheries Fund 2007-2013	—	—
	1,210	1,400

^a Only the EU co-funding on these programmes is shown in this table.

EAFRD

^b Under the 2007-2013 EAFRD Programme, 5% of receipts are retained until Programme closure per EU Regulation 1290/2005 Article 24.4, resulting in nil receipts in 2014. The EAFRD 2014-2020 has not yet been formally approved as at 31 December 2014, but as soon as the MFF and EAFRD 2014-2020 RDP is adopted, it is anticipated that €181 million of EAFRD funds will be reimbursed in respect of expenditure incurred in 2014.

6.2 Overpayments	2014	2013
	€000	€000
Scheme overpayments at 1 January	4,257	3,307
Adjustment for Early Retirement Scheme	9	429
Overpayments raised in the year	6,479	8,090
Corrections	(1,221)	(1,345)
Recoveries	(6,424)	(6,008)
Write-offs (note 6.3)	(78)	(216)
Scheme overpayments at 31 December	<u>3,022</u>	<u>4,257</u>

6.3 Write-offs

The following sums were written off in the year:

	2014	2013
	€	€
Schemes:		
Early retirement from farming	14,260	26,694
Afforestation schemes	43,910	—
Miscellaneous EU premia and areas based schemes	—	109,557
Rural Environment Protection Scheme	—	79,746
Miscellaneous Vote premia (National Temporary Leasing Scheme)	19,732	—
	<u>77,902</u>	<u>215,997</u>
Other:		
Veterinary inspection fees unpaid by companies no longer in business	11,356	680
Company paid in error	—	12,007
Late interest written-off	2,232	—
Other reasons	2,465	—
	<u>16,053</u>	<u>12,687</u>

6.4 Legal Costs and Compensation

Legal cost paid during the year are categorised as follows:

	2014	2013
	€	€
Legal fees	300,346	386,778
Compensation costs	1,239,843	715,275
	<u>1,540,189</u>	<u>1,102,053</u>

6.5 Contingent Liability

The Department is involved in a number of pending legal proceedings which may generate liabilities, depending on the outcome of the litigation. Any actual amount or the timing of potential liabilities is uncertain.

On foot of a Government decision, the Department took charge of the remediation work on the site of Haulbowline from 2012. The future cost of land remediation at this site is not yet known, pending planning permission for a specific scheme for remediation.

The Department is aware of a potential disallowance in relation to overclaims on area based schemes. As the Department is engaged in a formal appeals process, the actual amount or timing of the potential liabilities is uncertain.

6.6 Food Aid Donations

The World Food Programme is the food aid organisation of the UN and operates on the basis of voluntary contributions pledged at irregular intervals. The programme provides food aid to needy countries, assists in implementing economic and social development projects and provides relief to the victims of natural and other disasters. The programme operates in approximately 80 countries. Ireland's contribution to the World Food Programme in 2014 was €8.436 million (2013: €9.436 million).

The Food Aid Convention is the main international agreement on food aid provision and serves as both a best practice code of conduct and an annual food aid commitment. Aid donated under the Convention is held by the World Food Programme and used to provide aid in emergency situations. Ireland's contribution to the Food Aid Convention in 2014 was €1.524 million (2013: €1.524 million).

6.7 Ex-Gratia Payments

Ex-gratia payments totalling €1,892,200 were made to 147 animal welfare organisations (2013: €1,809,100).

An ex-gratia payment of €4,000 was made to the Chairperson of the Farm Animal Welfare Advisory Council.

Ex-gratia payments were made to a number of organisations towards the cost of running various agricultural shows as follows:

	2014
	€
Irish Shows Association Ltd	75,000
Gorey Sheep Ltd	50,000
Macra na Feirme	25,000
Irish Country Womens Association	9,000
Country Markets Ltd	6,000

Ex-gratia payments totalling €12,836 were made to farm waste management grantees.

6.8 Suspected Irregularity

An investigation into suspected inappropriate expenditure is currently underway in respect of certain payments made under an European Agricultural Fund for Rural Development co-funded agri-environmental scheme. It is estimated that the national element of the expenditure in question is in the region of €77,500.

6.9 Deferred Surrender

Deferred surrender comprises savings of €18 million in capital expenditures in the following subheads.

- A.4 Development of agriculture and food
- A.8 Bord Iascaigh Mhara (grant-in-aid)
- A.10 Other services
- C.5 Development of agriculture and food
- C.6 Forestry and bioenergy
- C.7 Fisheries
- C.8 Sea Fisheries Protection Authority
- C.10 Haulbowline remediation project

7. Horse and Greyhound Racing Fund Account

Amounts of receipts and payments for the year ended 31 December 2014

	2014 €000	2013 €000
Balance at 1 January	—	—
Receipts (subhead A.11)	54,220	55,020
Payments		
Horse Racing Ireland	(43,376)	(44,016)
Bord na gCon	(10,844)	(11,004)
Balance at 31 December	—	—

Schedule of Land and Buildings

Property	Area (Hectares)
Cavan	
Lands, Teagasc College, Ballyhaise	17.0
Forest plot, Kingscourt	0.3
Cork	
Haulbowline Island (including bridge and access road)	45.7
Blood testing laboratory, Model Farm Road	—
Dairy science laboratory, Model Farm Road	—
Regional veterinary laboratory, Model Farm Road	—
Lands, Model Farm Road	4.0
Forest plot, Ballyhooley	1.0
Forest plot, Ballyhoura	1.6
Forest plot, Ballynoe	29.7
Forest plot, Bandon	1.4
Forest plot, Doneraile	1.1
Forest plot, Dunmanway	0.8
Forest plot, Glengarriff	5.0
Forest plot, Killavullen	0.1
Forest plot, Killeagh	7.0
Forest plot, Kilworth	0.8
Forest plot, Newmarket	1.5
Forest plot, Rathluirc	1.5
Forest plots, Banteer	7.0
Forest plots, Dunhallow	6.5
Forest plots, Kinalea	5.9
Forest plots, Roscarberry	11.0
Donegal	
Potato testing centre, Raphoe	78.0
Potato testing laboratory, Raphoe	—
Forest plot, Ardara	6.5
Forest plot, Gweebarra	1.8
Forest plots, Killygordon	0.6
Forest plots, Letterkenny	0.3
Forest plots, Meenirroy	1.5
Dublin	
Forest plot, Killakee	0.7
Galway	
Lands, Teagasc College, Athenry	59.0
Forest plot, Ballygar	0.5
Forest plot, Oughterard	7.0
Kerry	
Forest plot, Kenmare	0.2
Forest plot, Killarney	1.0
Forest plots, Killorglin	41.6

Property	Area (Hectares)
Kildare	
Testing centre, Backweston	—
Stacumny Cottage, Backweston	—
Lands, Backweston	113.0
Forest plots, Athy	3.5
Forest plots, Donadea	0.2
Kilkenny	
Lands, Kildalton Teagasc College, Pilltown	18.0
Forest plots, Knocktopher	1.3
Laois	
Forest plot, Durrow	2.2
Leitrim	
Forest plots, Dowra	107.3
Forest plot, Glenfarne	11.0
Limerick	
Forest plot, Broadford	2.7
Forest plot, Foynes	1.8
Forest plots, Adare	3.0
Forest plots, Kilfinane	9.9
Longford	
Forest plot, Granard	0.7
Mayo	
Forest plot, Foxford	3.0
Offaly	
Forest plot, Tullamore	2.5
Roscommon	
Forest plots, Lough Key	32.0
Sligo	
Forest plots, Lough Gill	12.1
Forest plot, Beltra	141.0
Forest plot, Manorhamilton	2.0
Forest plots, Benbulbin	4.4
Forest plots, Collooney	1.3
Tipperary	
Forest plot, Clonmel	3.2
Forest plot, Neir	2.8
Forest plot, Rear Cross	0.5
Forest plots, Carrick-on-Suir	4.0
Forest plots, Clogheen	1.3
Forest plots, Kilsheelan	1.9
Waterford	
Forest plots, Kilmacthomas	17.5
Westmeath	
Forest plots, Castlepollard	1.0
Forest plot, Lough Ennel	14.5
Wexford	
Forest plot, Killane	0.4
Forest plots, Forth	4.8
Forest plots, Gorey	11.1

Property	Area (Hectares)
Wicklow	
Forest plot, Ballinaininch	60.7
Forest plot, Glen of Imaal	2.7
Forest plot, Waterville	59.0
Forest plots, Aughavannagh	0.2
Forest plots, Avonmore	1.0
Forest plots, Enniskerry	4.0
Forest plots, Glendalough	7.6
Forest plots, Saggart	1.4
Forest plots, Shelton	0.4

As successor to the Irish Land Commission, the Minister had a further 11 hectares of agricultural land and 480 hectares of non-agricultural land on hand at 31 December 2014.

Property at Fishery Harbours

In addition, land and buildings at six fishery harbour centres are vested in the Minister. They are accounted for separately in the Fishery Harbours Fund account.

Haulbowline Island

Under a deed of warrant exercised by the Minister for Public Expenditure and Reform, the property known as Haulbowline Island (including bridge and access road) was vested in the Minister for Finance on 14 October 2013. Subsequently on that same day, ownership was transferred to the Minister for Agriculture, Food and the Marine for the duration of the remediation project approved by Government in respect of the former ISPAT/Irish Steel site on Haulbowline Island.