

Appropriation Account 2017

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 2017 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 and subsidies and for the payment of certain grants under cash-limited schemes and the remediation of Haulbowline Island.

The expenditure outturn is compared with the sums

- (a) granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- (b) provided for capital supply services in 2017 out of unspent 2016 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

Restructuring of programmes

The account has been prepared in accordance with the 2017 Revised Estimate for the Office of the Minister for Agriculture, Food and the Marine. The 2017 appropriation account records gross expenditure of €1.39 billion, on four programme areas. The 2016 outturn figures have been reallocated across the four programmes to reflect the new structure of the Department.

A surplus of €207,303 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, as set out by the Department of Public Expenditure and Reform in Circular 25 of 2017, 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, at Appendix A. However, as valuations for all of these properties are not available, they are not included in the statement of capital assets.

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, including the requirements in relation to Exchequer funded grants set out in the Department of Public Expenditure and Reform Circular 13/2014. 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.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows.

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
- procedures for all key business processes have been documented
- there are systems in place to safeguard the assets.

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. This includes the following elements:

- 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 an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. The Department complied with national guidelines and EU regulations with the exception of one hundred and sixteen (116) contracts, with a spend of €18.87 million, of these thirty eight (38) contracts with a spend of €5,697,117 were non-compliant. These contracts have been included in the Circular 40/2002 return as they are above the reporting threshold of €25,000 and were awarded without a competitive process as follows:

- Fifty-two (52) contracts with a spend of €6,794,332 relate to single suitable/proprietary suppliers (mainly IT software and support systems, laboratory supplies, servicing and equipment and other specialist needs). Of these, thirteen (13) contracts, with a spend of €825,996, where the aggregate total to a single vendor exceeds €25,000 are under review with a view to achieving compliance. Where possible the Department will endeavour to purchase from the Education Procurement Service (EPS) frameworks.
- Thirty-two (32) contracts with a spend of €6,053,437 relate to services necessary to adhere to the Departments policy on food safety and animal welfare. It was not possible or feasible to undertake a competitive process in respect of nine (9) of these contracts. Seven (7) contracts, with a spend of €354,967, are being reviewed with a view to achieving compliance.
- Seventeen (17) contracts with a spend of €1,688,562 relate mainly to corporate services in the Department (cleaning, canteen, storage, postage and printing etc.). Three (3) contracts, with a spend of €182,981, are being reviewed with a view to achieving compliance.
- The remaining fifteen (15) contracts with a spend of €4,333,173 are currently being reviewed with a view to achieving compliance.

It is the policy of this Department to avail of all centrally available frameworks as soon as they come on stream and to engage with the Office of Government Procurement / Education Procurement Service in relation to more specific requirements. Controls will remain in place to ensure compliance with this strategy. To ensure this process is achieved with urgency, a new group will be established in the Department to oversee this process.

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.

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 2017 the Department was subject to approximately 2,262 audit person days by these bodies. I provided a management declaration to the certifying body for the EU annual accounts as required by Council Regulation 1360/2013.

Risk and Control Framework

In August 2017 an internal audit report of the Department's risk management system identified one high and two medium findings. The audit found that over time weaknesses had developed in the governance structure surrounding risk management, that the risk database had some technical issues which lead to a potential deficiency in control and that the level of activity engaged in risk management and the monitoring of risk management in the Department was below optimum levels. The risk management system was audited against the Department of Public Expenditure and Reform's 2016 Guidance in Risk Management and a number of divergences between the Department's system and best practice in risk management was identified.

Significant action has been taken in implementing the internal audit report recommendations. Governance structures have been resourced and re-established in terms of regular meetings and reporting to the Management Board. A programme of monitoring of risk management activity has commenced, regular engagement by users with the system is encouraged and support and advice is provided to staff on an on-going basis.

To address technical issues, a new risk register is being rolled out to Department's staff. The eRisk database, which is a SharePoint system to be provided by Department of Public Expenditure and Reform to all government departments, currently has an implementation date of quarter 1 2019. In the interim, technical issues with the current system have been resolved.

Ongoing Monitoring and Review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the MB, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Significant Financial Risks

i) Brexit

The UK's decision to leave the EU creates potentially very significant challenges for the agri-food sector, and for the Department. The sector's exposure to the UK market, and the highly integrated nature of Irish/UK supply chains, leaves it particularly vulnerable to the effects of Brexit, given the potential for tariffs on the trade of agri-food products as well as the additional costs and delays that would arise from the imposition of import controls and export certification requirements. Brexit will also likely require significant investment by the Department in the physical infrastructure, staffing and IT resources necessary to carry out such import controls and export certification.

The Department's response has been comprised of short- and longer-term elements. In the short-term, a number of measures aimed at improving competitiveness and increasing support for market diversification have been introduced. In terms of dealing with longer-term implications, the Department's contingency planning is being informed by detailed assessment of the likely impacts on the sector and on the organisation itself, in close consultation with stakeholders.

ii) Weaknesses in Control over Fixed Assets

A dedicated Asset Management Unit was formed in January 2017 and its work to date has identified a number of weaknesses in control over fixed assets. The extent of the over or under valuation of the Department's Asset Register cannot be determined at this juncture, but as categories of assets are verified by the Unit, adjustments will be made in the future to the Asset Register for assets which cannot be physically located.

Review of Effectiveness

I confirm that the Department has procedures to monitor the effectiveness of its risk management and control procedures. The Department's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the department responsible for the development and maintenance of the internal financial control framework.

Internal Financial Control Issues

No weaknesses in internal financial control were identified in relation to 2017 that resulted in, or may result in, a material loss.

ICT Security

The Department has a strong commitment to the security of its ICT systems. These systems are independently reviewed on a regular basis. 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 dedicated IT Security Co-ordination and Cyber-security units and is proactive in the development and promotion of information security. 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. In 2016 the Department achieved accreditation under the international standard ISO 27001: Code of Practice for Information Security Management, as the basis for its IT Security. As part of this certification process, the Department is subject to bi-annual audits to ensure continued compliance with ISO27001:2013 Information Security standard.

Assurance on Shared Services

Payroll and human resources functions are provided on a shared services basis by the National Shared Service Office (Vote 18). The Accounting Officer of the National Shared Services Office is responsible for the operation of controls within the Shared Service Centres.

The Accounting Officer for Shared Services has put in place an audit process to provide independent assurance on the operation of controls within shared services. The audits are being conducted by firms of accountants in accordance with the International Standard on assurance Engagements (ISAE 3402) which is designed to report to user departments and their auditors on the controls within shared services.

The audits encompass (i) a readiness assessment to identify risks and related controls and provide a gap analysis, followed by (ii) a report on the design and existence of controls, and (iii) an annual report on whether controls are operated effectively.

The Accounting Officer for Shared Services has provided me with a letter outlining progress in implementing the audit assurance process and the results of the audits on the design, existence and operation of controls are expected to be reported to me as set out in that letter.

I take assurance from the system of control within shared services as reported to me by the Accounting officer for Shared Services.

Dr Kevin Smyth

Accounting Officer

Department of Agriculture, Food and the Marine

17 September 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 30 Agriculture, Food and the Marine

Opinion on the appropriation account

I have audited the appropriation account for Vote 30 Agriculture, Food and the Marine for the year ended 31 December 2017 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

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 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Agriculture, Food and the Marine and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

Non compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that material instances of non-compliance with procurement rules occurred in respect of contracts that operated in 2017.

Seamus McCarthy
Comptroller and Auditor General

21 September 2018

Vote 30 Agriculture, Food and the Marine

Appropriation Account 2017

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Food Safety, Animal and Plant Health and Animal Welfare			
	Current year provision	218,205		
	Supplementary	(6,633)	211,572	204,314
				199,764
B	Farm/Sector Supports and Controls			
	Current year provision	783,358		
	Supplementary	907		
	Deferred surrender	21,700	805,965	726,326
				622,960
C	Policy and Strategy			
	Current year provision	324,828		
	Supplementary	13,302	338,130	338,396
				339,811
D	Seafood Sector			
	Current year provision	141,854		
	Supplementary	(7,575)	134,279	118,720
				94,477
Gross expenditure				
	Current year provision	1,468,245		
	Deferred surrender	21,700		
	Supplementary	1	1,489,946	1,387,756
				1,257,012
Deduct				
E	Appropriations-in-aid		337,088	258,905
				453,147
Net expenditure				
	Current year provision	1,131,157		
	Deferred surrender	21,700		
	Supplementary	1	1,152,858	1,128,851
				803,865

Surplus

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.

	2017	2016
	€	€
Surplus	24,007,303	252,795,648
Deferred surrender	(23,800,000)	(21,700,000)
Surplus to be surrendered	207,303	231,095,648

Dr Kevin Smyth

Accounting Officer

Department of Agriculture, Food and the Marine

17 September 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

	2017	2016
	€000	€000
Programme cost	1,164,295	1,040,820
Pay	162,511	159,158
Non pay	60,950	57,034
Gross expenditure	1,387,756	1,257,012
<i>Deduct</i>		
Appropriations-in-aid	258,905	453,147
Net expenditure	1,128,851	803,865
Changes in capital assets		
Purchases cash	(5,528)	
Depreciation	4,909	
Gain on disposals	(81)	
	(700)	1,592
Changes in net current assets		
Decrease in closing accruals	(102,391)	
Increase in stock	(502)	
	(102,893)	11,138
Direct expenditure	1,025,258	816,595
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	73,956	64,371
Notional rents	7,373	7,400
Net programme cost	1,106,587	888,366

1.1 Net Allied Services Expenditure

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

	2017	2016
	€000	€000
Vote 9 Office of the Revenue Commissioners	5	1
Vote 12 Superannuation and Retired Allowances	69,900	60,368
Vote 13 Office of Public Works	3,385	3,648
Vote 18 National Shared Services Office	379	54
Central Fund - ministerial pensions	287	300
	73,956	64,371

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017 €000	2016 €000
Capital assets	2.2	12,305	11,605
Current assets			
Stocks	2.4	2,235	1,733
Prepayments		12,547	21,783
Accrued income:			
EAFRD funding due from the EU		217,802	103,690
Other amounts due from the EU		440	550
Scheme overpayments	6.2	1,087	2,556
Due for services		6,717	7,544
Other debit balances	2.5	761	847
Net Exchequer funding due	2.7	49,288	(21,365)
Total current assets		290,877	117,338
Less current liabilities			
Bank and cash	2.3	26,846	(60,413)
Accrued expenses		6,074	5,995
Other credit balances	2.6	23,203	39,895
Total current liabilities		56,123	(14,523)
Net current assets		234,754	131,861
Net assets		247,059	143,466
Represented by:			
State funding account	2.1	247,059	143,466

2.1 State funding account

	Note	2017	2016
		€000	€000
Balance at 1 January		143,466	156,196
Disbursements from the Vote			
Estimate provision	Account	1,152,858	
Deferred surrender	Account	(23,800)	
Surplus to be surrendered	Account	(207)	
Net vote		1,128,851	803,865
Expenditure (cash) borne elsewhere	1	73,956	64,371
Non cash expenditure – notional rent	1	7,373	7,400
Net programme cost	1	(1,106,587)	(888,366)
Balance at 31 December		247,059	143,466

2.2 Capital assets

	Office equipment/ other machinery €000	Furniture and fittings €000	Capital assets under development €000	Total €000
Gross assets				
Cost or valuation at 1 January 2017	232,459	14,289	171	246,919
Additions	5,477	133	—	5,610
Disposals	(344)	—	—	(344)
Cost or valuation at 31 December 2017	237,592	14,422	171	252,185
Accumulated depreciation				
Opening balance at 1 January 2017	221,624	13,690	—	235,314
Depreciation for the year	4,699	210	—	4,909
Depreciation on disposals	(343)	—	—	(343)
Cumulative depreciation at 31 December 2017	225,980	13,900	—	239,880
Net assets at 31 December 2017	11,612	522	171	12,305
Net assets at 31 December 2016	10,835	599	171	11,605

State-owned lands and buildings controlled or managed by the Department which do not have valuations are set out in Appendix A.

2.3 Bank and cash

at 31 December	2017	2016
	€000	€000
PMG balances	(29,330)	58,697
Commercial bank balances	2,484	1,788
Orders outstanding	—	(72)
	(26,846)	60,413

2.4 Stocks

at 31 December	2017	2016
	€000	€000
Laboratory supplies and chemicals	452	434
Stationery supplies	157	129
Computer supplies	47	47
Veterinary supplies	1,168	683
Livestock	289	313
Agricultural stock	80	85
Cleaning supplies	6	14
Oil stocks	36	28
	2,235	1,733

2.5 Other debit balances

at 31 December	2017	2016
	€000	€000
Imprests and recoupable travel costs	155	152
Department of Finance recoupable gratuities and retirement lump sums	52	5
Advance payments to OPW	486	594
Due from local authorities in respect of harbour development	—	66
Beef data and genomics scheme	68	30
	761	847

2.6 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income tax	2,337	2,878
Pay related social insurance	1,353	1,548
Withholding Tax	1,193	1,104
Value Added Tax	1,483	346
Relevant Contracts Tax	1	—
Superannuation	476	13
VAT on Sales	(62)	282
Local Property Tax	25	27
Universal social charge	542	774
	<u>7,348</u>	<u>6,972</u>
Securities	233	156
Milk quota sales and levies	539	550
Pesticides licensing fees	562	715
EU advances	8,498	13,548
Department of Rural and Community Development	—	13,759
Reimbursement due to EU	2,205	1,185
Miscellaneous	1,763	3,488
Other	2,055	(478)
	<u>23,203</u>	<u>39,895</u>

2.7 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	207	231,096
Deferred surrender	23,800	21,700
Exchequer grant undrawn	(73,295)	(231,431)
Net Exchequer funding due	<u>(49,288)</u>	<u>21,365</u>
Represented by:		
Debtors		
Debit balances: suspense	761	847
	<u>761</u>	<u>847</u>
Creditors		
Bank and cash	(26,846)	60,413
Due to State	(7,348)	(6,972)
Credit balances: suspense	(15,855)	(32,923)
	<u>(50,049)</u>	<u>20,518</u>
	<u>(49,288)</u>	<u>21,365</u>

2.8 Commitments

at 31 December	2017	2016
	€000	€000
a) Global commitments		
Procurement of goods and services	93,251	32,401
Grant programmes	1,201,821	1,444,303
Capital grant programmes	732,301	732,188
Total of legally enforceable commitments	2,027,373	2,208,892

b) Non capital grants

	Due 2018	Subsequent years	2017	2016
	€000	€000	Total €000	Total €000
Food research	12,103	43,389	55,492	64,691
Grants to the organic sector	12,574	32,489	45,063	53,566
Early Retirement Scheme	1,057	182	1,239	3,670
Rural Environment Protection Scheme	205	—	205	390
Agri Environment Options Scheme	9,066	812	9,878	27,274
Beef Data Genomics Programme	47,300	111,839	159,139	190,640
Animal Health Ireland	—	—	—	750
Green Low – Carbon Ag – Environment Scheme	216,671	567,585	784,256	1,028,322
Knowledge transfer	32,200	23,000	55,200	75,000
Locally led schemes – current	6,580	17,833	24,413	—
European Maritime and Fisheries Fund – current	1,366	2,570	3,936	—
Sheep welfare	20,000	43,000	63,000	—
Total of legally enforceable commitments	359,122	842,699	1,201,821	1,444,303

c) Capital grants

	2017	2016
	€000	€000
Opening balance	732,188	706,528
Grants paid in year	(137,997)	(113,873)
New commitments	175,042	160,011
Grant decommitments	(36,932)	(20,478)
Closing balance	732,301	732,188

d) Capital programmes

			2017	2016
	Due 2018	Subsequent years	Total	Total
	€000	€000	€000	€000
Capital investment grants	—	—	—	4,121
Afforestation	94,081	516,821	610,902	641,082
Targeted agricultural modernisation schemes	70,000	25,303	95,303	81,621
Horticulture Scheme	1,577	—	1,577	894
Johnstown Castle redevelopment programme	1,000	2,520	3,520	4,470
Locally led schemes – capital	99	—	99	—
European Maritime and Fisheries Fund – capital	300	300	600	—
Haulbowline remediation project	10,000	1,000	11,000	—
Fisheries	9,300	—	9,300	—
Total of legally enforceable commitments	186,357	545,944	732,301	732,188

Significant variations

An explanation is provided below where multi-annual commitments increased/(decreased) by more than €500,000 from 2016 to 2017.

Description	Amount of increase/(decrease) €000	Explanation
Procurement of goods and services	60,850	Contracts that ended in 2017 were retendered resulting in new contracts, lasting 3-4 years, being put in place.
Food research	(9,199)	Research Division makes awards on a periodic basis and there are currently over 200 project awards active. The duration of these awards are normally 1 to 5 years. Generally a project receives a number of payments over the lifetime of the award, including an initial payment and number of stage payments and a final amount when a project is complete. All active projects are reviewed annually and some will be due a payment thereby reducing the amount remaining (and the outstanding commitments). The movement in 2017 reflects the payments made in 2017.
Grants to the organic sector	(8,503)	The scheme is closed to new applicants and payments are progressing as profiled.
Early Retirement Scheme	(2,431)	The scheme is closed to new applicants and payments are progressing as profiled.
Agri Environment Options Scheme	(17,396)	AEOS I and AEOS II are completed and AEOS III is due for completion in 2018 resulting in the paying down of the commitment figure.
Beef Data Genomics Programme	(31,501)	Payments progressing as profiled. A new tranche of the BDGP (BDGP II 2017-2022) was launched during 2017. Approximately 1,500 farmers are participating in this new scheme giving rise to multi annual commitments of the order of €16.2 million.

Description	Amount of increase/(decrease) €000	Explanation
Animal Health Ireland	(750)	The memorandum of understanding between the Department and Animal Health Ireland of 2016 (to cover 2016 and 2017) provided for payment of €750,000 (maximum).
Green Low – Carbon Ag – Environment Scheme	(244,066)	In addition to the scheduled payments, there were further decreases due to a combination of the withdrawal of participants from the scheme, the transfer of participants to a later tranche, and the rejection of participants after their initial approval for not meeting scheme conditions.
Knowledge transfer	(19,800)	The knowledge transfer programme was launched in 2016 to run for three years to 31 July, 2019. Payments are now underway and the commitment is reducing accordingly.
Locally led schemes – current	24,413	New contracts were entered into in 2017 under the Burren Programme, the Burren Technical Assistance, the Hen Harrier and the European Innovation Partnerships Initiative – Open Call schemes.
European Maritime and Fisheries Fund – current	3,936	New multi-annual programmes; the European Maritime and Fisheries Fund Control & Enforcement scheme, European Maritime and Fisheries Fund Marine Spatial Planning scheme and the European Maritime and Fisheries Fund Technical Assistance Funding scheme, commenced in 2017.
Sheep welfare	63,000	A new four year sheep welfare scheme commenced in 2017.
Capital investment grants	(4,121)	Multi-annual commitments have now ceased.
Afforestation	(30,180)	The scheduled annual payment of €100 million was partially offset by new applications, resulting in €69 million of additional commitments.
Targeted agricultural modernisation schemes	13,682	The commitment figure has increased as applicants were approved under the 2017 tranches.
Horticulture Scheme	683	The increase is mostly in relation to 2017 grant offers, whereby the nature of the work involved for certain investments merited an approval for completion of works over a period to 28/09/2018 and the carry-over also includes other 2016/2017 approved investments granted extension into 2018 as works could not be completed by 31/12/2017.
Johnstown Castle redevelopment programme	(950)	Project commenced in 2017, with a scheduled completion date of 2019, and paying down of commitments has progressed as profiled.
European Maritime and Fisheries Fund – capital	600	A new multi-annual capital programme, the European Maritime and Fisheries Fund Control & Enforcement Scheme, commenced in 2017.
Haulbowline remediation project	11,000	On foot of a Government decision in 2011, the Minister took charge of the remediation work on the site of Haulbowline. The East Tip remediation contract has been the focus for expenditure in 2017 and 2018 with works underway.
Fisheries	9,300	The commitment reflects the recognition of Vote funded capital projects in the Fishery Harbour Centres.

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

The following note presents an analysis of the administration expenditure of the Vote and outlines the reasons for significant variations (+/- 25% and €100,000). Administration expenditure has been apportioned across the programmes, to present complete programme costings.

		2017		2016
		Estimate provision		Outturn
		€000	€000	€000
I	Salaries, wages and allowances			
	Original	174,719		
	Supplementary	(12,000)	162,719	162,511
ii	Travel and subsistence		6,910	7,762
iii	Training and development and incidental expenses		5,720	5,010
iv	Postal and telecommunications services		4,555	4,023
v	Office equipment and external IT services		32,830	30,681
vi	Office premises expenses		6,411	5,862
vii	Consultancy services and value for money and policy reviews		188	365
viii	Supplementary measures to protect the financial interests of the EU		852	759
ix	Laboratory services		6,504	6,488
			226,689	223,461
				216,192

Significant variations

i. Salaries, wages and allowances

Estimate provision: €175 million, outturn: €163 million

The underspend of €12 million on salaries, wages and allowances was due to a lower than estimated pay bill due to recruitment of additional and replacement staff not proceeding as quickly as planned.

vii. Consultancy services and value for money and policy reviews

Estimate provision: €0.2 million, outturn: €0.4 million

The overspend of €0.2 million on consultancy services and value for money and policy reviews was due to a review of the capacity/competence of the infrastructure of the Animal Health Computer System and Integrated Fisheries Information System computer systems which had not been anticipated prior to the Estimates process.

Programme A Food Safety, Animal and Plant Health and Animal Welfare

		Estimate provision		2017 Outturn	2016 Outturn
		€000	€000	€000	€000
A.1	Administration – pay				
	<i>Original</i>	96,555			
	<i>Supplementary</i>	(6,633)	89,922	89,808	87,955
A.2	Administration – non pay		36,021	34,329	34,165
A.3	Food safety, animal & plant health & animal welfare		85,629	80,177	77,644
			211,572	204,314	199,764

Significant variations

Overall, the expenditure in relation to Programme A was €14 million lower than (originally) provided. €8.5 million of this related to administration expenditure and has already been explained and the balance of the variance of €5.5 million was mainly due to the following:

A.3 Food safety, animal & plant health & animal welfare

Estimate provision: €85.5 million, outturn: €80 million

The shortfall in expenditure of €5.5 million relative to the estimate provision was due to a combination of factors. Lower levels of testing than anticipated resulted in fewer payments to temporary veterinary inspectors, lower ancillary costs and the need to purchase less equipment saving €2.1 million. The combination of a decrease in the average price paid for reactors and an increase in the factory salvage prices gave savings of €1.7 million. Greater compliance by horse owners and increased horse exports leading to a significant reduction in the numbers straying, which resulted in savings of €1.7 million.

Programme B Farm/Sector Support and Controls

		Estimate provision		2017 Outturn	2016 Outturn
		€000	€000	€000	€000
B.1	Administration – pay				
	<i>Original</i>	53,793			
	<i>Supplementary</i>	(3,694)	50,099	50,035	49,002
B.2	Administration – non pay		18,063	17,253	14,661
B.3	Agri-environmental schemes				
	<i>Original</i>	244,750			
	<i>Supplementary</i>	14,500	259,250	224,469	148,326
B.4	Areas of natural constraint scheme				
	<i>Original</i>	202,000			
	<i>Supplementary</i>	4,500	206,500	205,298	206,467
B.5	Development of agriculture & food (farm)		57,055	37,109	12,729
B.6	Beef data & genomics programme				
	<i>Original</i>	52,000			
	<i>Supplementary</i>	(3,000)	49,000	47,137	61,896
B.7	Knowledge transfer				
	<i>Original</i>	25,621			
	<i>Supplementary</i>	(2,800)	22,821	13,784	—
B.8	Animal welfare scheme for sheep				
	<i>Original</i>	25,000			
	<i>Supplementary</i>	(8,000)	17,000	15,851	—
B.9	Early retirement scheme				
	<i>Original</i>	3,210			
	<i>Supplementary</i>	(599)	2,611	2,504	4,406
B.10	Forestry & bio energy				
	<i>Current year provision</i>	89,890			
	<i>Deferred surrender</i>	21,700	111,590	101,574	103,802
B.11	Control & other support scheme costs		11,887	10,594	7,694
B.12	Other schemes		89	718	13,977
			805,965	726,326	622,960

Significant variations

Overall, the expenditure in relation to Programme B was €79 million lower than (originally) provided. €5 million of this related to administration expenditure and has already been explained and the balance of the variance of €74 million was mainly due to the following:

B.3 Agri-environmental schemes

Estimate provision: €245 million, outturn: €225 million

The shortfall in expenditure of €20 million relative to the estimate provision was due to a combination of factors. Underspend of €18 million occurred under Green, Low – Carbon, Agri – Environment Scheme (GLAS), as training commenced later than anticipated due to IT systems not being in place; less payments issued as only 76 percent of applicants passed the pre-payments checks against the 85 percent target, and the estimated number of contracts with an entitlement to GLAS+ were reduced and the average payment decreased.

There was also an underspend of €4 million as multiple locally-led environmental schemes commenced later than planned and another underspend of €2 million as a number of organic farming scheme payments due for 2017 were not issued. This was balanced by an overspend of €5 million in expenditure under Agri – Environment Options Scheme (AEOS) as the unpaid cases from 2016 were paid in 2017.

B.4 Areas of natural constraint scheme

Estimate provision: €202 million, outturn: €205 million

The increase in expenditure of €3 million relative to the estimate provision was due to more scheme payment applications progressing to payment stage than was anticipated.

B.5 Development of agriculture & food (farm)

Estimate provision: €57 million, outturn: €37 million

The shortfall in expenditure of €20 million relative to the estimate provision was due to the low level of claims for payment received in respect of Targeted Agricultural Modernisation Schemes II applications. At the end of 2017 only one-quarter of applicants with approvals had translated into actual claims and of these three-quarters had been paid by the end of 2017.

B.6 Beef data & genomics programme

Estimate provision: €52 million, outturn: €47 million

The shortfall in expenditure of €5 million relative to the estimate provision was due to the withdrawal of a number of applicants from the programme since it opened in 2015. In excess of 1,700 applications were received in 2017 for a new tranche of the scheme of which 1,500 continued to participate but not all had achieved compliance by the end of the year.

B.7 Knowledge transfer

Estimate provision: €26 million, outturn: €14 million

The shortfall in expenditure of €12 million relative to the estimate provision was due to the extension to the deadline for submission of data on the programme by two months to 31 July. This delayed the commencement of payments. In addition, fewer than anticipated cases were cleared for payment in the initial payment runs for this new scheme.

B.8 Animal welfare scheme for sheep

Estimate provision: €25 million, outturn: €16 million

The shortfall in expenditure of €9 million relative to the estimate provision was due to the fact that lower numbers of farmers applied to participate in the scheme than was anticipated. In addition, the scheme facilitates an advance payment at a rate of 85 percent to be made, with the balance payable following completion of the inspection programme. Balancing payment of the remaining 15 percent is expected to issue early Q2 2018. As a result of these factors, expenditure amounted to €16 million in 2017.

B.9 Early retirement scheme

Estimate provision: €3.2 million, outturn: €2.5 million

The shortfall in expenditure of €0.7 million relative to the estimate provision was due to a reduction in the number of participants as the scheme winds down.

B.10 Forestry & bio energy

Estimate provision: €112 million, outturn: €102 million

The shortfall in expenditure of €10 million relative to the estimate provision was due to €5 million underspends in each of the afforestation scheme and the forestry support schemes. The afforestation scheme is demand led and the shortfall is due primarily to unpaid premiums caused by; applicants who don't apply for, or fail to claim their premium, or have their premiums stopped by the Department; inertia by individuals regarding their tax clearance certificates and possible poor standard of forest establishment; and where individuals choose to allow their premiums build-up to bulk claim at a future date.

The underspend for the support schemes is due to a reduction in applications for the Road Scheme due to ongoing issues relating to the planning permission for forest road entrances onto a public road, and also due to expected payments for the Windblown Scheme not materialising which are now expected to be paid in 2018.

B.11 Control & other support scheme costs

Estimate provision: €12 million, outturn: €11 million

The shortfall in expenditure of €1 million relative to the estimate provision was due to the fact that not all of the expected invoices relating to Integrated Administration and Control System / Land Parcel Identification System development were received by year end.

B.12 Other schemes

Estimate provision: €0.1 million, outturn: €0.7 million

The increase in expenditure of €0.6 million relative to the estimate provision was due to the mid-year introduction of two new schemes, the Weather Related Crop Loss Measure and the Flood Damage Relief Measure, to address hardship experienced by some farmers arising from extreme and unprecedented adverse weather conditions.

Programme C Policy and Strategy

		Estimate provision		2017	2016
		€000	€000	Outturn	Outturn
		€000	€000	€000	€000
C.1	Administration – pay				
	<i>Original</i>	15,992			
	<i>Supplementary</i>	(1,098)	14,894	14,874	14,567
C.2	Administration – non pay		6,082	5,752	5,138
C.3	Research, quality & certification				
	<i>Original</i>	28,757			
	<i>Supplementary</i>	(7,000)	21,757	21,870	27,931
C.4	Development and promotion of agriculture and food (non farm)				
	<i>Original</i>	15,214			
	<i>Supplementary</i>	(8,200)	7,014	7,815	7,262
C.5	Teagasc grant		128,130	128,130	126,780
C.6	An Bord Bia grant				
	<i>Original</i>	34,492			
	<i>Supplementary</i>	6,600	41,092	40,775	32,569
C.7	Horse and Greyhound Racing Fund		80,000	80,000	74,000
C.8	Cedra Rural Innovation & Development Fund		1,500	1,394	1,480
C.9	Food and donations – World Food Programme				
	<i>Original</i>	—			
	<i>Supplementary</i>	14,000	14,000	14,000	40,000
C.10	Other services				
	<i>Original</i>	14,661			
	<i>Supplementary</i>	9,000	23,661	23,786	10,084
			338,130	338,396	339,811

Significant variations

Overall, the expenditure in relation to Programme C was €13.5 million higher than (originally) provided. An underspend of €1.5 million of this related to administration expenditure and has already been explained and the balance of the variance of €15 million was mainly due to the following:

C.3 Research, quality & certification

Estimate provision: €29 million, outturn: €22 million

The shortfall in expenditure of €7 million relative to the estimate provision was due to the launch of the 2017 Call for Research Proposals being delayed until June 2017. The Department, therefore, was not in a position to make initial payments under this Call within the calendar year.

C.4 Development and promotion of agriculture and food (non farm)

Estimate provision: €15 million, outturn: €8 million

The shortfall in expenditure of €7 million relative to the estimate provision was due to a scheme for speciality food producers not being finalised until 2018, giving rise to a shortfall of €2 million. There was an additional shortfall of €5 million as funds originally provided to the Department to directly promote international market development were transferred to An Bord Bia who were assigned responsibility for this activity.

C.6 An Bord Bia grant

Estimate provision: €34 million, outturn: €40 million

The increase in expenditure of €6 million relative to the estimate provision was due to the Department giving An Bord Bia approval for additional spending on programmes to promote international market development in the context of Brexit.

C.8 Cedra Rural Innovation & Development Fund

Estimate provision: €1.5 million, outturn: €1.4 million

The shortfall in expenditure of €0.1 million relative to the estimate provision was due to fewer agri-food tourism projects meeting the required standards for approval.

C.9 Food and donations - World Food Programme

Estimate provision: €0 million, outturn: €14 million

The increase in expenditure of €14 million relative to the estimate provision was due to an early disbursement of €10 million of the 2018 payment being made in December 2017. An additional €4 million was provided to World Food Programme (WFP), €2.5 million of which was un-earmarked funding to WFP, in line with commitments made by Ireland at the World Humanitarian Summit in 2016, and €1.5 million to the WFP's response towards the emergency in the Democratic Republic of Congo.

C.10 Other services

Estimate provision: €15 million, outturn: €24 million

The expenditure of €9 million related to the Department's contribution to the funding of the Brexit Loan Scheme. The Brexit Loan Scheme was announced during the Budget 2017 process, involves total exchequer funding of €23 million. The Department's contribution is €9 million which was paid to the Strategic Banking Corporation of Ireland. The other exchequer funding of €14 million was being made by the Department of Business, Enterprise and Innovation.

This exchequer funding in turn, through a combination of a Strategic Banking Corporation of Ireland guarantee, supported by the state and partially guaranteed by the European Commission and the European Investment Bank, is expected to leverage €300 million of lending to SMEs and small mid-sized companies to meet the challenge of Brexit.

Programme D Seafood Sector

		Estimate provision		2017 Outturn	2016 Outturn
		€000	€000	€000	€000
D.1	Administration – pay				
	Original	8,379			
	Supplementary	(575)	7,804	7,794	7,633
D.2	Administration – non pay		3,804	3,616	3,071
D.3	Fisheries				
	Original	33,220			
	Supplementary	(2,500)	30,720	27,686	18,997
D.4	Marine Institute grant		31,563	31,332	29,094
D.5	Bord lascaigh Mhara grant				
	Original	44,088			
	Supplementary	(4,500)	39,588	33,462	23,104
D.6	Sea Fisheries Protection Authority		12,800	10,731	10,016
D.7	Haulbowline remediation project		8,000	4,099	2,262
D.8	Other		—	—	300
			134,279	118,720	94,477

Significant variations

Overall, the expenditure in relation to Programme D was €23 million lower than (originally) provided. €1 million of this related to administration expenditure and has already been explained and the balance of the variance of €22 million was mainly due to the following:

D.3 Fisheries

Estimate provision: €33 million, outturn: €28 million

The shortfall in expenditure of €5 million relative to the estimate provision was due to a combination of factors. A €0.5 million underspend occurred due to a delayed start of the Marine Biodiversity initiatives by the Marine Institute. An additional €3 million underspend was due to several seafood development projects that were not undertaken, a procurement lag for a number of projects resulting in most contracts commencing in Q2 rather than Q1, and some project costs that were lower than originally anticipated. A further €1.5 million underspend occurred due to delays in the commencement of European Maritime and Fisheries Fund projects.

D.5 Bord lascaigh Mhara grant

Estimate provision: €44 million, outturn: €33 million

The shortfall in expenditure of €11 million relative to the estimate provision was due to a low demand for a number of the schemes, mainly the Sustainable Aquaculture Scheme and Seafood Scaling & New Market Development scheme. Under the Sustainable Aquaculture scheme, the exclusion from the scheme of sites in Natura 2000 areas unless they have undergone Habitats Directive Appropriate Assessment, had a negative impact on applications.

D.6 Sea Fisheries Protection Authority

Estimate provision: €13 million, outturn: €11 million

The shortfall in expenditure of €2 million relative to the estimate provision was due to a number of factors. An underspend of €1 million in pay and pensions was the result of a number of posts approved under the delegated sanction structure being recruited later than planned which resulted in reduced expenditure in basic pay costs. There were additional underspend in roster allowances and in employers PRSI. Pension savings arose as pension lump sum payments for 2017 were lower than anticipated. Non-pay underspends of €0.5 million were due to a number of projects which did not get underway and underspends in travel & subsistence and training and development costs. Capital underspend of €0.5 million arose following a change to the funding model for Castletownbere accommodation.

D.7 Haulbowline remediation project

Estimate provision: €8 million, outturn: €4 million

The shortfall in expenditure of €4 million relative to the estimate provision was due to the estimate being based on the anticipated commencement of the most resource intensive phase of the project (remediation of the East Tip) during the first quarter of 2017. The contract for the East Tip works was ultimately signed in July 2017 and therefore, the construction phase of the project commenced later than expected, resulting in a lower spend by year end.

Note 4 Receipts

4.1 Appropriations-in-aid

		2017		2016
	Subhead	Estimated €000	Realised €000	Realised €000
1	Recoupment of salaries, etc. of officers on loan to outside bodies	600	378	715
2	Forfeited deposits and securities under EU intervention, export refund, etc. arrangements	1	179	117
3	Refunds from veterinary fees for inspection at poultry and other meat plants	A.3 15,007	18,665	18,382
4	Receipts from veterinary inspection fees for live exports	A.3 952	633	883
5	Receipts from fees for dairy premises inspection services	A.3 5,250	7,263	6,800
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	A.3 665	693	709
7	Receipts from seed testing fees, certification fees, licensing fees, pesticides, registration fees, etc. and receipts from Backweston Farm	C.3 1,903	3,117	2,610
8	Receipts from farmer contributions towards the cost of eradicating bovine disease	A.3 5,000	6,945	6,492
9	Land Commission receipts	345	360	595
10	Other receipts	1,752	2,204	2,600
11	Market intervention expenses and financing costs for other FEOGA (Guarantee) section measures	B.11 1,020	1,050	867
12	Intervention stock losses, etc	B.11 1	1,038	725
13	EAFRD (European Agricultural Fund for Rural Development)	B.4, B.3, B.5 & B.9 253,000	169,091	383,009
14	Veterinary Fund	A.3 11,403	10,959	11,320
15	Other Guarantee receipts from EU (Agriculture)	B.11 3,660	1,187	1,500
16	Proceeds of fines and forfeitures in respect of sea fisheries	D.3 100	87	187
17	Receipts under the 1933 Foreshore Act and the 1954 State Property Act	D.3 100	166	64
18	EU recoupment in respect of expenditure on the conservation and management of fisheries	D.3 1	—	—
19	Aquaculture licence fees	D.3 412	876	204
20	EU receipts for EMFF	D.3 20,700	16,725	—
21	EFF (Fisheries) 2007-2013	D.3 2,700	5,917	3,148
22	Receipts from Sustainable Food Systems Ireland	160	26	85
23	Receipts from pension-related deduction on public service remuneration	12,356	11,346	12,135
Total		337,088	258,905	453,147

Significant variations

Overall, Appropriations-in-Aid were €78 million less than the estimate as forecast.

Explanations for variances are set out below:

- 1 *Recoupment of salaries, etc. of officers on loan to outside bodies*
 Estimate provision: €0.6 million, outturn: €0.4 million
 The shortfall of €0.2 million was due to the amount due for Q4 2017 not being received before the year end and a number of officers returning from secondment or retiring.
- 2 *Forfeited deposits and securities under EU intervention, export refund, etc. arrangements*
 Estimate provision: €0 million, outturn: €0.18 million
 The increase of €0.18 million was due to the fact that this is a forfeiture receipt. It is not possible to estimate if there will be any receipts in a year and if there are, the amount of forfeits to be paid. Therefore, the estimate is set at zero.
- 3 *Refunds from veterinary fees for inspection services at poultry and other meat plants*
 Estimate provision: €15 million, outturn: €18.5 million
 The increase of €3.5 million was due to an increase in slaughter figures again in 2017 together with an increased emphasis by the Division on the collection of outstanding fees and the timely payments of all invoices.
- 4 *Receipts from veterinary inspection fees for live exports*
 Estimate provision: €0.9 million, outturn: €0.6 million
 The shortfall of €0.3 million was due to a lower number of sheep exports combined with a reduction in the export fee levy for calves.
- 5 *Receipts from fees for dairy premises inspection services*
 Estimate provision: €5 million, outturn: €7 million
 The increase of €2 million was due to a higher yield than anticipated due to increase in milk volumes produced/processed.
- 7 *Receipts from seed testing fees, certification fees, licensing fees, pesticides, registration fees, etc. and receipts from Backweston Farm*
 Estimate provision: €2 million, outturn: €3 million
 The increase of €1 million was due to a combination of factors, mainly an increase in the amount of cereal seed certified in 2017 and an increase in pesticides registration fees.
- 8 *Receipts from farmer contributions towards the cost of eradicating bovine disease*
 Estimate provision: €5 million, outturn: €7 million
 The increase of €2 million was due to an increase in volumes at meat plants, creameries, abattoirs and exporters. The main increase was from the dairy sector.
- 10 *Other receipts*
 Estimate provision: €1.8 million, outturn: €2.2 million
 The increase of €0.4 million was mainly due to an increase in pension deductions received from State Bodies for staff that joined the Bodies' mid-year.
- 12 *Intervention stock losses, etc.*
 Estimate provision: €0 million, outturn: €1 million
 The increase of €1 million was due to the fact that this is based on a percentage retention figure calculated on penalties imposed and collected by the paying agency in relation to certain European Agriculture Guarantee Fund (EAGF) payments. The reimbursement is approved in the Annual EAGF Account clearance process and the final figure is confirmed in April and repaid in June. Therefore, estimates of reimbursement are difficult to predict.

- 13 *EAFRD (European Agricultural Fund for Rural Development)*
 Estimate provision: €253 million, outturn: €169 million
 The shortfall of €84 million was due to an EAFRD receipt expected in December 2017 but which was not received by the Department until January 2018.
- 15 *Other Guarantee receipts from EU (Agriculture)*
 Estimate provision: €3.5 million, outturn: €1 million
 The shortfall of €2.5 million was due to a combination of factors. A shortfall of €1 million was due to the School Milk and the School Fruit schemes changing from being Vote/EU co-funded to 100 percent EU funded from 01/08/17. There was no further recoupment from the EU from that date. Also, the Artisan Food Programme was not launched in 2017 as it was decided to expand the remit of the scheme and approval for this needed to be sought from the EU Commission, which was received in January 2018, resulting in a shortfall of €1.5 million.
- 19 *Aquaculture licence fees*
 Estimate provision: €0.4 million, outturn: €0.9 million
 The increase of €0.5 million was due to progress made in reducing arrears as a result of a more proactive approach to debt management and cross compliance with other agencies, particularly Bord Iascaigh Mhara.
- 20 *EU receipts for EMFF*
 Estimate provision: €21 million, outturn: €17 million
 The shortfall of €4 million was due to lower receipts received from the EU Commission. A claim for €21 million had been submitted, however, a sum of €2.6 million was temporarily withheld by the Commission in connection with non-compliance with certain ex-ante conditionalities included in the Operational Programme. A further €1.8 million was withheld by the Commission as per EU Regulations as a performance reserve. This can only be processed by the Commission and will not be paid until a mid-term review of the Programme is completed by the Commission in 2019.
- 21 *EFF (Fisheries) 2007-2013*
 Estimate provision: €3 million, outturn: €6 million
 The increase of €3 million was due to the allocation of funds related to pre-financing received from the EU in the early years of the programme, but held in suspense over a number of years until claims were lodged with the EU.
- 22 *Receipts from Sustainable Food Systems Ireland*
 Estimate provision: €0.16 million, outturn: €0.026 million
 The shortfall of €0.134 million was due to a number of receipts not being received until 2018.
- 23 *Receipts from pension-related deduction on public service remuneration*
 Estimate provision: €12 million, outturn: €11 million
 The shortfall of €1 million was due to the underspend in payroll expenditure leading to fewer receipts from pension related deductions.

4.2 Extra receipts payable to the Exchequer

	2017	2016
	€000	€000
Balance at 1 January	—	206
Legal expenses	31	20
Voluntary surrender of ministerial salaries	—	1
Overpayments from EU disallowed schemes	—	2,929
Land Commission capital	—	8,836
Proceeds of land sale	642	—
Surrender of Vote uncashed cheques	72	—
Surrender of sundry receipts	2	—
Transferred to the Exchequer	(747)	(11,992)
Balance at 31 December	<u>—</u>	<u>—</u>

Note 5 Employee Numbers and Pay

5.1 Employee numbers

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

	2017	2016
Number of staff at year end (full time equivalents)	4,594	4,421

5.2 Pay

	2017	2016
	€000	€000
Pay	210,291	204,687
Higher, special or additional duties allowances	1,326	1,249
Other allowances	2,034	1,930
Overtime	3,606	3,302
Shift Allowances	543	510
Employer's PRSI	11,860	11,072
Total Pay	229,660	222,750

The allowances, overtime and other remuneration details in notes 5.3 through to 5.6 below relate to only 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.

The Department's salaries function migrated to Payroll Shared Services in November 2016. For the purposes of Note 5, the Department has adopted PSSC's extra remuneration classification method.

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017 €	Highest individual payment 2016 €
Higher, special or additional duties allowances	100	1	24,308	10,982
Shift allowances	72	19	20,392	19,146
Other allowances	606	4	18,041	18,696
Overtime	771	102	38,926	31,806
Extra remuneration in more than one category	304	157	41,846	35,113

5.4 Other remuneration arrangements

€1,617,115 in total was paid to 62 retired civil servants, in receipt of civil service pensions, who were re-engaged on a fee basis. The principles of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012 apply to these fees.

5.5 Payroll overpayments

Overpayments at the year end were €467,101 (327 individuals) (2016: €508,254; 349 individuals). Of this, €269,011 (87 individuals) had recovery plans in place.

5.6 Severance awards

There were no severance payments in 2017 (2016: €239,480).

Note 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). The EAGF fund finances direct payments and market supports while the EAFRD co-finances rural development measures under approved rural development programmes.

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

Programme B includes 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. Programmes C & D includes expenditure in respect of activities co-financed by the EU through European Maritime Fisheries Fund, 2014-2020 (EMFF). Programme B includes a charge to the Vote of €3.267 million for EU Funding which has been disallowed due to late payments on certain schemes.

The account includes interest of €178,000 paid on short-term borrowings of €770 million borrowed in 2016 to fund EAGF Guarantee expenditure pending recoupment from the EU. The borrowings were repaid in 2017 along with interest.

A total of €740 million in short-term funds were borrowed in 2017 to fund EAGF Guarantee expenditure pending EU recoupment in 2018. These loans are reflected in the financial statements of the European Agricultural Fund (EAGF), European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF), Irish operations.

The Agriculture Cashflow Support Loan Scheme was a new scheme in 2016 and developed in co-operation with the Strategic Banking Corporation of Ireland (SBCI), making €150 million available to farmers at interest rates of 2.95%. The scheme mitigates the impact of the change in sterling exchange rate and lower commodity prices in some agriculture sectors, providing farmers with a low cost, flexible source of working capital, which will allow them to pay down more expensive forms of short – term debt, ensuring the ongoing financial sustainability of viable farming enterprises. SBCI uses the €25 million of funding, comprising of €14 million in Department of Agriculture, Food and the Marine's (DAFM) contribution and €11 million from the EAGF to leverage the total fund with the participating banks, to ensure a favourable interest rate for participant farmers availing of the scheme and to mitigate against potential future bad debts (unpaid loans) for participating banks.

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

	2017	2016
	€m	€m
Direct Payment/Basic Payment Scheme	1,190	1,300
Intervention/Aid to Private Storage	2	3
Other market supports	26	7
Other	(4)	(61)

Co-funded receipts (measures co-funded by EU) ^a

	2017	2016
	€m	€m
EAFRD Rural Development Programme	169	383
Veterinary Fund	11	11
Other co-financing receipts	2	4

Fisheries

EFF - European Fisheries Fund 2007-2013 & EMFF - European Maritime and Fisheries Fund 2014-2018	23	3
	1,419	1,650

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

European Maritime Fisheries Fund (EMFF) receipts of €8.5 million are held in a suspense account (EU advances) in accordance with public financial procedures pending the Department meeting the conditions of the EMFF performance reserve review to be undertaken in 2019.

6.2 Overpayments

	2017	2016
	€000	€000
Scheme overpayments at 1 January	2,556	3,254
Adjustment for Early Retirement Scheme	(35)	(26)
Overpayments raised in the year	8,985	9,438
Corrections	(1,065)	(1,269)
Recoveries	(8,680)	(8,593)
Write-offs (note 6.3)	(674)	(248)
Scheme overpayments at 31 December	1,087	2,556

6.3 Write-offs

The following sums were written off in the year:

	2017	2016
	€	€
Schemes:		
Early retirement from farming	30,521	41,246
Afforestation schemes	82,295	29,946
Rural Environment Protection scheme	406,658	—
Miscellaneous EU premia and area based schemes	18,536	177,178
Miscellaneous Vote premia	136,055	—
	<u>674,065</u>	<u>248,370</u>
Other:		
Veterinary inspection fees unpaid by companies no longer in business	502	10,572
Late interest written-off	—	7,914
Aquaculture licences expired/surrendered & not renewed	20,167	—
Salary overpayments	—	27,731
Other reasons	5,048	8,669
	<u>25,717</u>	<u>54,886</u>

6.4 Compensation and legal costs

Legal cost paid during the year are categorised as follows:

				2017	2016
	Number of cases	Legal costs paid by the Department	Compensation awarded	Legal costs awarded	Total
		€000	€000	€000	€000
Claims by:					
employees of the	3	—	95	143	33
Department					
members of the public	22	10	200	2,002	958
		<u>10</u>	<u>295</u>	<u>2,145</u>	<u>991</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 dated 14 June 2011, the Minister took charge of the remediation work on the site of Haulbowline. A further Government decision dated 28th May 2015 approved a total scheme budget of €61 million for the project. The amount of expenditure incurred by the Department for the project up to the end of 2017 is €13 million. The most recent projections for completion of the Haulbowline remediation project is 2022.

The Department is aware of a potential disallowance in relation to the implementation of processes and controls on area based schemes. As the Department is engaged in an ongoing formal Clearance of Accounts process with the Commission, the actual amount or timing of any 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 2017 was €14 million (2016: €38.436 million). In view of the ongoing refugee crisis, the Department acceded to an urgent request from the WFP for early disbursement in 2017 for €10 million of the contribution due in 2018. An additional €4 million was provided in 2017, €2.5 million of which was un-earmarked funding to WFP, in line with commitments made by Ireland at the World Humanitarian Summit in 2016, and €1.5 million to the WFP's response towards the emergency in the Democratic Republic of Congo.

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 2017 was €4.587 million (2016: €1.564 million).

6.7 Ex-Gratia payments

Ex-gratia payments totalling €2,560,000 were made to 111 animal welfare organisations (2016: €2,487,500).

Ex-gratia payments of €5,000 each were made to 4 employees as compensation following mediation.

Ex-gratia payments of €8,000 were made to the Chairman of the Farm Welfare Advisory Council.

An ex-gratia payment of €250,000 was made to the Irish Equine Centre as support towards the costs associated with achieving and maintaining reference laboratory status.

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

	2017	2016
	€	€
Macra na Feirme	84,000	34,000
Irish Shows Association Ltd	82,500	80,000
Irish Country Women's Association	9,000	9,000
Irish Country Markets Ltd	6,000	6,000
Bunclody Sheep Dog National Trials	4,000	—
Cape Clear Consulting Ltd	—	3,000
Agricultural Science Association	2,000	2,000
Milestone Management	—	1,000

6.8 Deferred surrender

Deferred surrender comprises savings of €23.8 million in capital expenditures in the following subheads.

B.5	Development of agriculture and food (farm)	€12.8 million
B.10	Forestry & bio energy	€7 million
D.5	Bord Iascaigh Mhara	€4 million

Note 7 Horse and Greyhound Racing Fund

Account of receipts and payments for the year ended 31 December 2017

	2017	2016
	€000	€000
Balance at 1 January	—	—
Receipts (subhead C.7)	80,000	74,000
Payments		
Horse Racing Ireland	64,000	59,200
Bord na gCon	16,000	14,800
Balance at 31 December	—	—

Appendix A State-owned lands and buildings controlled or managed by the Department which do not have valuations

Property	Area (Hectares)
Cork	
Land Commission non-agricultural land, Annagannihy	56.5
Haulbowline Island (including bridge and access road)	45.7
Lands, Model Farm Road	2.1
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, Killavullen	0.1
Forest plot, Killeagh	7.0
Forest plot, Kilworth	0.8
Forest plot, Newmarket	1.5
Forest plots, Banteer	6.2
Forest plots, Dunhallow	6.5
Forest plots, Kinalea	5.9
Forest plots, Roscarberry	11.0
Donegal	
Potato testing centre, Raphoe	78.0
Forest plot, Ardara	6.5
Forest plot, Letterkenny	0.2
Dublin	
Forest plot, Killakee	0.7
Galway	
Land Commission non-agricultural lands	
Kilcooley	1.7
Kylenalmelly	1.3
Sylaun	1.7
Rosmore	3.2
Meelickmore	12.4
Lands, Teagasc College, Athenry	14.0
Forest plot, Ballinaninch	60.7
Forest plot, Oughterard	7.0
Kerry	
Land Commission non-agricultural land, Glanlea	4.0
Forest plot, Kenmare	0.2
Forest plot, Killorglin	28.6
Kildare	
Stacumny Cottage, Backweston	—
Lands, Backweston	145.8

Property	Area (Hectares)
Kilkenny	
Lands, Kildalton Teagasc College, Pilltown	18.0
Laois	
Forest plot, Durrow	2.2
Leitrim	
Forest plot, Dowra	0.4
Limerick	
Forest plots, Adare	3.0
Mayo	
Land Commission non-agricultural land, Ballymacraha	12.1
Offaly	
Land Commission non-agricultural lands	
Clorhane	8.2
Ballyegan	44.7
Forest plot, Tullamore	2.5
Roscommon	
Land Commission non-agricultural lands	
Cloonakillig	0.7
Cloonshanvill	33.0
Cloonfad	2.9
Cloonboley	4.9
Cloonacolly	21.6
Cleaheen	0.6
Mallynahouna	5.0
Cloonroughan	21.9
Termon More	55.3
Tonrevagh	10.8
Cloonchambers	18.4
Clonree	25.7
Moor	32.6
Lissergool	5.3
Forest plots, Lough Key	32.0
Sligo	
Forest plots, Collooney	1.3
Tipperary	
Forest plot, Clogheen	1.3
Forest plot, Clonmel	3.2
Forest plot, Rear Cross	0.5
Forest plots, Carrick-on-Suir	2.5
Forest plots, Kilsheelan	1.9
Westmeath	
Forest plots, Castlepollard	0.2
Forest plot, Lough Ennel	14.5

Property	Area (Hectares)
Wexford	
Forest plot, Forth	4.8
Forest plots, Gorey	11.1
Wicklow	
Forest plot, Shelton	0.2
Forest plots, Avonmore	1.0
Forest plots, Enniskerry	4.0
Forest plots, Glendalough	7.6
Forest plots, Saggart	1.4
Forest plot, Glen of Imaal	3.0

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.

Appendix B Accounts of Bodies and funds under the aegis of the Department of Agriculture, Food and the Marine

The following table lists the bodies and funds under the aegis of the Department and where the Department has an obligation to present financial statements. It indicates, as at end March 2018, the period to which the last audited financial statements relate and when they were presented to the Oireachtas.

Body/Departmental fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
Aquaculture Licences Appeals Board	2016	11 Dec 2017	29 Jan 2018	27 Feb 2018
Bord Bia	2016	7 Jul 2017	18 Jul 2017	25 Oct 2017
Bord na gCon	2016	27 Oct 2017	3 Nov 2017	22 Dec 2017
Bord Iascaigh Mhara	2016	30 Jun 2017	30 June 2017	3 Oct 2017
Coillte Teoranta ^a	2016	6 Apr 2017	10 Apr 2017	11 May 2017
European Agricultural Guarantee Fund, European Agricultural Fund for Rural Development and the European Maritime Fisheries Fund – Irish Operations	2016	22 Dec 2017	22 Dec 2017	3 Mar 2018
Fishery Harbour Centres Fund ^b	2016	22 Dec 2017	22 Dec 2017	
Horse Racing Ireland	2016	20 Oct 2017	1 Nov 2017	22 Dec 2017
Irish National Stud Company Ltd ^c	2016	24 Mar 2017	11 May 2017	19 Jul 2017
Marine Institute	2016	29 Jun 2017	30 Jun 2017	25 Sep 2017
National Milk Agency ^d	2016	28 Mar 2017	3 Jul 2017	17 Oct 2017
Sea-Fisheries Protection Authority	2016	22 Dec 2017	22 Jan 2018	27 Feb 2018
Teagasc	2016	27 Jun 2017	18 Jul 2017	29 Sep 2017
The Public Trustee of Ireland	2016	23 Jun 2017	27 Jun 2017	12 Jul 2017
^a Coillte, as a self-financing commercial state body, is not audited by the C&AG; the company's annual report and accounts are laid before the Houses of the Oireachtas in accordance with Section 31 of the Forestry Act 1988 under which it was established.				
^b Fishery Harbour Centres Fund account 2016 was laid before the Houses of the Oireachtas on 11 April 2018				
^c Irish National Stud Company Ltd is not audited by the C&AG; the company's annual report and accounts are laid before the Houses of the Oireachtas in accordance with Section 25 of the National Stud Act, 1945 under which it was established.				
^d National Milk Agency is not audited by the C&AG; the company's annual report and accounts are laid before the Houses of the Oireachtas in accordance with Section 18 of the Milk (Regulation of Supply) Act 1994.				

