

## **Chapter 9**

---

**Department of Communications, Marine  
and Natural Resources**

## 9.1 Irish National Seabed Survey

### Background

A number of limited seabed studies have been carried out over the years including a survey commissioned by the Petroleum Affairs Division (PAD) of the Department of Communications, Marine and Natural Resources (DCMNR) in 1995/6. The PAD survey covered an area of 231,000 sq km. These studies produced fragmented information on the Irish seabed area.

In April 1999 the Government approved a proposal to undertake a complete survey of the entire Irish seabed at a cost of €26.3m over a period of 7 years. The memorandum submitted stated that Ireland claimed an area of greater than 850,000 sq km. Overall responsibility for the management and direction of the survey, named the Irish National Seabed Survey (INSS), was assigned to the Geological Survey of Ireland (GSI). The INSS project ceased at the end of 2005. As the survey work completed did not cover the whole of the Irish seabed area, the Government, in November 2005, adopted as national policy, a new programme entitled Integrated Mapping for the Sustainable Development of Ireland's Marine Resource (INFOMAR), designed to complete the seabed survey. INFOMAR is expected to take a further 20 years and the cost was estimated in 2005 by DCMNR to be €80m.

### Cost

The revised approved INSS budget was set at €33m. Total expenditure on the project amounted to €34.4m as detailed in Table 35.

**Table 35 INSS Expenditure 1999-2005 (€,000)**

	1999	2000	2001	2002	2003	2004	2005	Total
GSI	74	5,547	9,581	2,572	2,013	835	835	21,457
Marine Institute	nil	nil	nil	2,390	3,429	3,679	3,405	12,903
<b>Total</b>	<b>74</b>	<b>5,547</b>	<b>9,581</b>	<b>4,962</b>	<b>5,442</b>	<b>4,514</b>	<b>4,240</b>	<b>34,360</b>

The main components of GSI expenditure were survey work contract payments, consultancy and IT equipment while Marine Institute (MI) expenditure mainly comprised operating costs of 2 research vessels and equipment.

### Project Monitoring

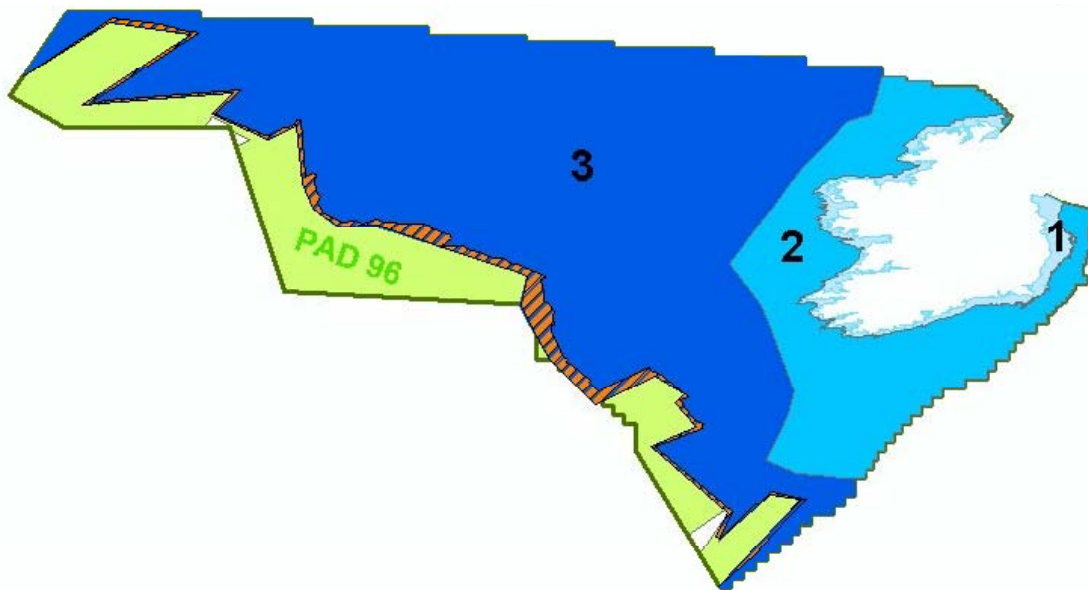
A Steering Group had responsibility for the direction and monitoring of the project. It comprised representatives of the Departments of Public Enterprise (DPE), Marine and Natural Resources, Finance, GSI and the MI. It met regularly and considered project progress reports and financial updates. In September 2003, some time after the transfer of DPE functions to DCMNR and internal re-organisation within DCMNR, meetings of the Steering Group ceased. Subsequently, the project and future strategy, as outlined in INFOMAR, were handled by a committee consisting of representatives of DCMNR, GSI and MI.

A Seabed Advisory Committee comprising representatives of various Government Departments together with representatives of MI, GSI, National University of Ireland (Galway) and University College Dublin was also established in June 1999 to provide technical advice.

A memorandum of understanding, signed in 2000, confirmed GSI's responsibility for achieving the deliverables of the project while MI was to play a key role in supporting the sustainable development of Ireland's marine resources.

Following Government approval, scientific and management consultants were engaged in 1999.

## Map of Zones<sup>42</sup>



- o Zone 1 – water depths are less than 50 metres
- o Zone 2 – water depths range between 50 and 200 metres
- o Zone 3 – water depths greater than 200 metres

## Project Revision

Soon after the project started the Steering Group decided to postpone for at least a year any decision to undertake surveying in Zone 1.

GSI records of August 2001, while acknowledging that the memorandum to Government envisaged the survey covering the entire Irish seabed, state that it soon became obvious that this was not feasible. The major reason given was that shipboard surveying in shallow waters would be prohibitively expensive.

The scientific consultants also warned that the cost of surveying Zone 2 would be considerably higher than had been originally envisaged in the submission to Government. They advised in December 1999 that a total survey of the Irish seabed, on which the original Government decision was based, could not be achieved within the allocated funding. It therefore became necessary to prioritise survey work within Zone 2 as work on all of the Zone could not be completed. The Steering Group did not revert to Government with this new information despite its consequences for the scope of the project.

---

<sup>42</sup> Not to scale

Ultimately, 12.6% of Zone 1, 22% of Zone 2 and 96% of Zone 3 were surveyed under INSS.

The Accounting Officer informed me that the area surveyed totalled 453,046 sq. kms. This figure includes a 10% overlap within the originally surveyed PAD area for harmonisation purposes.

In relation to the decisions to exclude most of Zone 1 and some of Zone 2 from the survey, he stated that the key issue was whether or not the inshore area (Zone 1) was an integral part of INSS. If it was, then the cost and timescale of the project were seriously underestimated. He stated that it is the GSI view that Zone 1 was never intended to be surveyed as part of INSS. He did however, state that the 1999 Government memorandum and supporting documents were not explicit on this and that there had evidently been a lack of clarity in the language used to describe the area to be surveyed. However, the 2005 Government memorandum states that the Government agreed in 1999 that the State should undertake a comprehensive survey of the Irish seabed from the shore out.

He stated that the Steering Group met both sets of consultants in November 1999 and, *inter alia*, concluded that the inclusion of the nearshore area in INSS would be considered at a later stage. A few days later the Steering Group decided that the extent of surveying in 0-50 metres water depths would be determined after the end of year 1. In his view the straightforward conclusion from this was that the inshore Zone 1 was excluded from INSS until it was decided to the contrary.

He stated that the underestimation of costs in Zone 2 was another factor in the change in direction of the project. The Government memorandum itself had specified the need to undertake a detailed design and planning exercise and it was precisely this exercise that highlighted the need for significantly greater line density in Zone 2 – the major factor in increasing costs over those estimated in the memorandum. The lack of experience of this pioneering survey technology was fully anticipated and acknowledged in the memorandum. It was, of course, realised that surveying costs per unit area would increase with decreasing water depth. But the relationship between cost and water depth was not a simple linear one. The scientific consultants could not resolve the large difference between their relatively high costs of surveying in Zone 2 and those estimated for the original memorandum to Government. The Accounting Officer also informed me that some coverage of Zone 1 did occur (i.e Shannon, Cork, Dublin, Clew, Killala, Mulroy Bays, Dun Laoghaire and Killary Harbours as well as inshore areas in the Irish Sea) that reduced coverage in Zone 2.

He felt it was unfair to criticise the project management for responsibly reacting to the best available international design advice and taking the opportunistic course of action, through the Steering Group, to cut its cloth according to measure. While the Steering Group did not revert to Government with these significant changes to INSS, GSI understood that reports were tabled at Cabinet along with a briefing outlining the main strategic changes. He stated that it was not seen as prudent to seek additional funding in advance of demonstrating some real success in managing the available resources.

He was of the opinion that the planning of the project was comprehensive and properly conducted. A seabed mapping project on this scale had not previously been attempted anywhere worldwide.

He stated that current thinking was that it would be preferable to complete INFOMAR by the end of 2013, which would correspond with the end of the forthcoming National Development Plan. As a result, the period for completing the overall seabed work would be considerably shortened. The final decision will be one for Government.

## Procurement

GSI awarded a contract for survey work in Zone 3 for an amount of €10.3m in June 2000.

In September 2001, GSI agreed to retrospectively pay the company an amount of €635,000 in respect of additional survey work carried out in 2000 and 2001, but not previously notified. This work was carried out in Zones 1 and 2 en route to Zone 3, in which location the company's work under the contract was exclusively based. No details of the basis for the computation of the amount were retained.

I queried the basis on which this payment was made. In reply the Accounting Officer informed me that an amendment to the contract provided for additional payment in respect of surveying in parts of Zone 3 and the adjacent areas of Zones 1 and 2. The invoiced cost was calculated using the rates and prices set out in the contract. He acknowledged that the results of the work had not been initially notified. However, GSI had assured him that the work was properly authorised, that it was satisfied payment was justified and that comprehensive and satisfactory work results were subsequently lodged.

## Project Management

The Department noted a deteriorating relationship between GSI and MI, evident at strategy, policy and operational levels in the course of the INSS project. It was of the opinion that both project credibility and value for money was at risk. Such was the extent of the difficulties that the Department engaged a mediator to advise on a resolution. As a result, a revised memorandum of understanding was agreed between the bodies in 2004 and new administrative arrangements were put in place. These included a new joint working group with a Departmental official acting as observer.

Internal audit reported that project management controls were not in place or were not applied in relation to INSS and also concluded that the suggested governance structure for INFOMAR fell short of best practice for such projects. It recommended that strict budgetary and project management controls be put in place to prevent overruns such as occurred on the INSS project.

The Accounting Officer informed me that GSI INFOMAR expenditures are being managed through the Departmental financial management system which tracks all transactions against assigned budget subheads. Once budgets are set in the system, cost overruns are not permitted. The GSI project manager reviews outturns monthly. There is close coordination with the MI project manager on all operational matters. He also stated that a Steering Committee under the chairmanship of a senior Departmental official, to which the joint MI/GSI project management team reports, will monitor progress on INFOMAR and the achievement of its deliverables to specification and on time.

## Conclusion

The INSS project did not succeed in covering a substantial part of the area envisaged and there will be a significant cost to the State to complete a survey of the claimed Irish seabed area. Despite the fact that there was a major change in the scope of the project this was never formally communicated to the Government.

## 9.2 Payments to the Broadcasting Commission of Ireland

### Background

In December 2002 the Minister for Communications, Marine and Natural Resources (the Minister) announced that the Government had approved a new framework for public service broadcasting including an increase in the television licence fee from €107 to €150. He indicated that 5% of the net proceeds of the new fee was to be ring fenced as a special broadcasting fund for new, additional, innovative content, from which all free-to-air broadcasters could draw. The Minister said he expected the fund to amount to €8m annually and that legislation would be necessary to give effect to the changes.

The Broadcasting (Funding) Act, 2003, (the Act), was signed into law on 23 December 2003. The Act requires the Broadcasting Commission of Ireland (BCI) to

- prepare a scheme or schemes for the funding of grants to support certain television and radio programmes and projects, for example, to improve adult literacy
- to submit a scheme or schemes to the Minister for approval
- carry out the terms of the scheme.

Section 4(2) of the Act states that

*The Minister, with the approval of the Minister for Finance, may pay to the Commission out of moneys provided by the Oireachtas for the purposes of grants under a scheme and any administration of or reasonable expenses relating to a scheme, in respect of each financial year, after the financial year ending on 31 December 2002, an amount being equal to 5 per cent of net receipts in that year in respect of broadcasting licence fees.*

It is noteworthy that the Act provides for the preparation and approval of a scheme or schemes to allow BCI to finance particular types of programmes as distinct from the establishment of a fund for the receipt and accumulation of resources from which programmes of the kind specified in the Act might be financed.

The BCI submitted a draft Broadcasting Funding Scheme to the Minister on 8 December 2004 for his approval. In accordance with the provisions of EU Regulations 659/1999 and 794/2004, Ireland notified the European Commission of the draft Scheme on 28 April 2005 to ensure that the Scheme was compatible with the relevant provisions of the EU treaty. The European Commission replied on 5 October 2005 indicating that it had decided not to raise any objections to the Scheme. The Minister approved the Scheme on 13 October 2005.

Payments totalling €25,858,395 were made to BCI up to 31 December 2005 on foot of Section 4(2) of the Act as follows: 2003 - €8,342,727, 2004 - €8,451,025, 2005 - €9,064,643.

Prior to 13 October 2005, the date on which the Minister formally approved the Scheme, a total of €23,366,806 was paid by the Department to BCI relying on Section 4(2) of the Act for authority to make payment.

No payments were made by BCI to programme makers under the terms of the Scheme by 31 December 2005.

## Audit Concerns

I was concerned that there was no legal basis for payments made from the Vote to BCI prior to the formal approval of a scheme by the Minister on 13 October 2005. I was also concerned as to why payments continued to be made to BCI subsequent to the Minister's approval of a scheme in view of the accumulated surplus on hands and available to BCI. I sought the views of the Accounting Officer on these matters.

## Accounting Officer's Response

The Accounting Officer informed me that the Department had interpreted the Broadcasting Funding Act, 2003 on the basis that, on its enactment, it provided for the immediate establishment of a Broadcasting Fund to which 5 per cent of net receipts from television licence fees would be paid each year. He stated that the Department was of the opinion that the intent of the Bill, introduced to give effect to the Government decision to establish the Fund, was for the immediate establishment of a Fund while a scheme or schemes were being developed. He also stated that, if the Department had not paid these amounts to the BCI in respect of the Fund, the Department would have been required by law to pay these moneys to RTÉ in accordance with Section 8(a) of the Broadcasting Authority (Amendment) Act 1976. In arriving at this opinion, the Department considered the Broadcasting (Funding) Act 2003 and associated papers that were prepared in advance of the drafting of the Bill.

He also felt that the fact that the legislation, which was only enacted in late December 2003, provided that 5 per cent of the net proceeds of television licence fees for 2003 could be paid into the Fund underpinned the Department's interpretation of the legislation. He felt it was evident that a scheme could not have been developed by BCI, cleared with the EU Commission and approved by the Minister in the remaining days of 2003.

In summary, he stated that the Department was of the view that the Broadcasting (Funding) Act 2003 established a Broadcasting Fund to which 5 per cent of the licence fee would be allocated year on year from 2003 onwards and that this Fund would be accessed by a scheme or schemes to be developed by BCI. The Department had interpreted the legislation as providing that payments should be made to the Fund in the period leading up to the approval of the first scheme and that payments would also continue in any future period where a scheme had been withdrawn and a new scheme was being developed.

He informed me that, following initial queries raised by my Office in relation to this interpretation of the Act earlier in the year, legal advice was sought. The advice received appeared to cast doubt on the Department's interpretation of the Act and also suggested that the provisions of the Act dealing with the payment of moneys were not as detailed as they might have been. The Accounting Officer concluded by saying that the matter was being reconsidered in consultation with the Department of Finance.

