

## **Vote 30 Communications, Energy and Natural Resources**

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## 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 2011 for the salaries and expenses of the Office of the Minister for Communications, Energy and Natural Resources, including certain services administered by that Office, and for payment of certain grants and sundry grants-in-aid and for the payment of certain grants under cash-limited schemes.

The expenditure outturn is compared with the sums granted by Dail Eireann under the Appropriation Act 2011, including the amount that could be used as appropriations-in-aid of expenditure for the year.

The Statement of Accounting Policies and Principles and notes 1 to 6 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 following exception.

#### ***Capital Assets***

Motor vehicles are depreciated over 5 years at 20% per year. Certain office/IT equipment and specialist equipment assets are depreciated over 10 years at 10% per year, while others are depreciated over 5 years at 20% per year.

#### **Statement on Internal Financial Controls**

Along with the Account, I have submitted a statement in the standard format on the system of internal financial control that operates in the Department of Communications, Energy and Natural Resources.

#### ***Financial Management***

Detailed monthly reporting to the Management Committee, combining key financial and non-financial information, is in place. This enables effective management of outputs, efficiency and ensures value for money.

#### ***Risk Management***

The Department operates a Risk Management System which is part of the business planning process for all divisions. The purpose of the system is to identify and assess risks and to outline measures to control and manage the risks to which the Department may be exposed. The Risk Management System is reviewed on an ongoing basis. In this context, the Internal Audit Committee has been renamed the Internal Audit and Risk Committee to emphasise the importance of risk as part of its remit.

#### ***Internal Audit and Audit Committee***

An annual internal audit programme is prepared under the auspices of the Audit Committee. The Internal Audit Unit carry out these audits and report their findings to the Committee which operates under a written charter. During 2011, a total of ten reports were completed.

**Aidan Dunning**  
Accounting Officer  
Department of Communications, Energy and Natural Resources  
29 March 2012

## **Certificate of the Comptroller and Auditor General**

I have audited the Appropriation Account of Vote 30: Communications, Energy and Natural Resources for 2011 under Section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The Account has been prepared in accordance with the Statement of Accounting Policies and Principles. The duties of the Accounting Officer and of the Comptroller and Auditor General in relation to the Appropriation Accounts, and the basis of the audit opinion, are set out in Part 1 to this volume.

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 Communications, Energy and Natural Resources. The Appropriation Account is in agreement with the books of account.

In my opinion, the Appropriation Account properly presents the receipts and expenditure of the Vote for the year ended 31 December 2011.

Chapter 20 of my report on the accounts of the public services for 2011 refers to certain matters relating to Vote 30 on which I considered it appropriate to report in accordance with Section 3 (10) of the Comptroller and Auditor General (Amendment) Act 1993.

**Seamus McCarthy**  
Comptroller and Auditor General  
30 August 2012

## Vote 30 Communications, Energy and Natural Resources Appropriation Account 2011

Service	2011 Estimate provision	2011 Outturn	2010 Outturn
	€000	€000	€000
<b>Administration</b>			
A.1. Salaries, wages and allowances	16,289	15,690	15,668
A.2. Travel and subsistence	552	407	530
A.3. Training and development and incidental expenses	1,092	880	1,079
A.4. Postal and telecommunication services	528	426	424
A.5. Office equipment and external IT services	3,118	2,665	2,569
A.6. Office premises expenses	920	763	846
A.7. Consultancy services and value for money and policy reviews	1,980	1,364	1,246
A.8. Equipment, stores and maintenance	123	81	103
<b>Communications</b>			
B.1. Information and communications technology programme	29,630	8,831	49,776
B.2. Multimedia developments	8,495	8,074	7,950
B.3. Information society	950	174	113
<b>Broadcasting</b>			
C.1. Grant to Radio Telefís Éireann for broadcasting licence fees (grant-in-aid)	185,724	182,444	195,000
C.2. Payment to An Post for collection of broadcasting licence fees	12,457	12,405	11,943
C.3. Deontas i leith Theilifís na Gaeilge (deontas-i-gcabhair)	33,550	36,260	34,050
C.4. Broadcasting Fund	14,704	14,420	14,678
C.5. Grants for digital terrestrial television	3,000	575	50
<b>Energy</b>			
D.1. Sustainable Energy Authority of Ireland - administration and general expenses (grant-in-aid)	8,968	7,763	7,491
D.2. Sustainable energy programmes (cash - limited)	109,451	100,500	100,953
D.3. Energy research programmes (cash - limited)	14,400	9,252	7,356
D.4. Strategic energy infrastructure	1	—	—

Service	2011 Estimate provision €000	2011 Outturn €000	2010 Outturn €000
<b>Natural Resources</b>			
E.1. Petroleum services	1,367	1,183	5,378
E.2. Mining services	4,700	1,971	1,960
E.3. GSI services	540	488	270
E.4. Geoscience initiatives	2,208	1,437	3,262
E.5. National seabed survey	2,900	2,944	3,002
E.6. Ordnance Survey Ireland (grant-in-aid)	7,451	7,451	4,985
<b>Inland Fisheries</b>			
F. Inland fisheries	28,617	27,565	28,736
<b>Miscellaneous</b>			
G.1. Subscriptions to international organisations	467	299	373
G.2. Change management fund for non-commercial bodies funded by the department	1	—	—
G.3. Gas services	32	32	32
G.4. Other services	501	—	—
<b>Gross expenditure</b>	<b>494,716</b>	<b>446,344</b>	<b>499,823</b>
<b>Deduct</b>			
H. Appropriations-in-aid	<b>241,243</b>	<b>239,648</b>	<b>244,003</b>
<b>Net expenditure</b>	<b>253,473</b>	<b>206,696</b>	<b>255,820</b>
<b>Surplus for the year</b>		<b>€46,776,852</b>	<b>€32,916,036</b>
<b>Deferred surrender</b>		<b>€15,800,000</b>	—
<b>Surplus to be surrendered</b>		<b>€30,976,852</b>	<b>€32,916,036</b>

## Notes to the Appropriation Account

### 1 Operating Cost Statement 2011

	Note	€000	2011 €000	2010 €000
Expenditure on administration			22,276	22,465
Expenditure on services and programmes			424,068	477,358
<b>Gross expenditure</b>			<b>446,344</b>	<b>499,823</b>
Deduct				
<b>Appropriations-in-aid</b>			<b>239,648</b>	<b>244,003</b>
<b>Net expenditure</b>			<b>206,696</b>	<b>255,820</b>
<b>Changes in capital assets</b>				
Purchases cash		(329)		
Depreciation		1,752		
Proceeds of disposals		—		
Loss on disposals		—	1,423	2,284
<b>Changes in assets under development</b>				
Cash payments			(124)	(197)
<b>Changes in net current assets</b>				
Increase in closing accruals		457		
Decrease in stock		32		
			489	(790)
<b>Direct expenditure</b>			<b>208,484</b>	<b>257,117</b>
Net allied services expenditure	1.1		13,388	12,676
Notional rents			3,257	2,820
<b>Total operating cost</b>			<b>225,129</b>	<b>272,613</b>

#### 1.1 Net Allied Services

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

Vote		2011 €000	2010 €000
6	Finance	132	—
7	Superannuation and Retired Allowances	8,870	8,303
9	Office of the Revenue Commissioners	325	334
10	Office of Public Works	3,775	3,706
20	Garda Síochána	59	193
	Central Fund - Ministerial etc. pensions	227	140
		<b>13,388</b>	<b>12,676</b>

**2 Balance Sheet as at 31 December 2011**

		<b>2011</b>	<b>2010</b>
	<b>Note</b>	<b>€000</b>	<b>€000</b>
<b>Capital assets</b>	2.1	6,355	7,690
<b>Capital assets under development</b>	2.2	239	203
		<b>6,594</b>	<b>7,893</b>
<b>Current assets</b>			
Bank and cash	2.3	11,068	155
Stocks	2.4	310	342
Prepayments		373	810
Accrued income		1,586	1,552
Other debit balances	2.5	289	83
<b>Total current assets</b>		<b>13,626</b>	<b>2,942</b>
<b>Less current liabilities</b>			
Accrued expenses		78	125
Other credit balances	2.6	1,461	1,279
Net liability to the Exchequer	2.7	9,896	(1,041)
Deferred Income		101	—
<b>Total current liabilities</b>		<b>11,536</b>	<b>363</b>
<b>Net current assets</b>		<b>2,090</b>	<b>2,579</b>
<b>Net assets</b>		<b>8,684</b>	<b>10,472</b>
<b>Represented by:</b>			
<b>State funding account</b>		<b>8,684</b>	<b>10,472</b>

**2.1 Capital Assets**

	Land and buildings	Office furniture	Office/IT equipment	Specialist equipment and motor vehicles	Total
	€000	€000	€000	€000	€000
<b>Gross assets</b>					
Cost or valuation at 1 January 2011	859	1,239	19,832	3,747	25,677
Additions	—	4	349	64	417
Disposals	—	(4)	(150)	—	(154)
Cost or valuation at 31 December 2011	859	1,239	20,031	3,811	25,940
<b>Accumulated depreciation</b>					
Opening balance at 1 January 2011	—	1,055	14,372	2,560	17,987
Depreciation for the year	—	61	1,397	294	1,752
Depreciation on disposals	—	(4)	(150)	—	(154)
Cumulative depreciation at 31 December 2011	—	1,112	15,619	2,854	19,585
<b>Net assets at 31 December 2011</b>	<b>859</b>	<b>127</b>	<b>4,412</b>	<b>957</b>	<b>6,355</b>
<b>Net assets at 31 December 2010</b>	<b>859</b>	<b>184</b>	<b>5,460</b>	<b>1,187</b>	<b>7,690</b>

**Notes:**

(a) The following fisheries are not included in capital assets but are owned by the Minister and are managed by Inland Fisheries Ireland.

Galway

Owenea/Owentocker, Co. Donegal

(b) Land and buildings relates to the GPO Henry Street Arcade.

(c) The Minister for Communications, Energy and Natural Resources has a beneficial interest in Metropolitan Area Networks, the construction of which was funded jointly with certain local authorities and the European Regional Development Fund. This interest has not been recognised as an asset.

**2.2 Capital Assets under Development**

at 31 December 2011

**Computer applications  
and research**
**€000**

Amounts brought forward at 1 January 2011	203
Cash payments for the year	124
Transferred to asset register	(88)
Amounts carried forward at 31 December 2011	239

<b>2.3 Bank and Cash</b>	<b>2011</b>	<b>2010</b>
at 31 December	<b>€000</b>	<b>€000</b>
PMG balances and cash	11,368	1,449
Orders outstanding	(300)	(1,294)
	<u>11,068</u>	<u>155</u>
	<u><u>11,068</u></u>	<u><u>155</u></u>
<b>2.4 Stocks</b>	<b>2011</b>	<b>2010</b>
at 31 December	<b>€000</b>	<b>€000</b>
IT equipment	29	43
Geological Survey of Ireland	266	283
Stationery	15	16
	<u>310</u>	<u>342</u>
	<u><u>310</u></u>	<u><u>342</u></u>
<b>2.5 Other Debit Balances</b>	<b>2011</b>	<b>2010</b>
at 31 December	<b>€000</b>	<b>€000</b>
Due from the State	1	—
Suspense	288	83
	<u>289</u>	<u>83</u>
	<u><u>289</u></u>	<u><u>83</u></u>
<b>2.6 Other Credit Balances</b>	<b>2011</b>	<b>2010</b>
at 31 December	<b>€000</b>	<b>€000</b>
<b>Amounts due to the State</b>		
Withholding Tax	181	175
Value Added Tax	137	144
Voluntary surrender of pay	8	—
	<u>326</u>	<u>319</u>
Suspense	1,135	960
	<u>1,461</u>	<u>1,279</u>
	<u><u>1,461</u></u>	<u><u>1,279</u></u>

<b>2.7 Net Liability to the Exchequer</b>	<b>2011</b>	<b>2010</b>
at 31 December	<b>€000</b>	<b>€000</b>
Surplus to be surrendered	30,977	32,916
Deferred surrender	15,800	—
Exchequer grant undrawn	(36,881)	(33,957)
Net liability to the Exchequer	<u>9,896</u>	<u>(1,041)</u>

**Represented by:**

**Debtors**

Bank and cash	11,068	155
Debit balances: suspense	288	83
Due from the State	1	—
	<u>11,357</u>	<u>238</u>

**Creditors**

Due to State	(326)	(319)
Credit balances: suspense	(1,135)	(960)
	<u>(1,461)</u>	<u>(1,279)</u>
	<u>9,896</u>	<u>(1,041)</u>

**2.8 Commitments**

<b>(a) Global Commitments</b>	<b>2011</b>	<b>2010</b>
	<b>€000</b>	<b>€000</b>
Total of legally enforceable commitments	1,291	6,668

**(b) Multi-Annual Capital Commitments**

<b>Project</b>	<b>Expenditure to 31 December 2010</b>	<b>Expenditure in 2011</b>	<b>Subsequent Years</b>	<b>Total</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>
ICT programmes	242,646	8,766	18,673	270,085
Multimedia developments	19,773	4,457	6,000	30,230
Sustainable energy programmes	7,771	90,106	29,014	126,891
Energy research programmes	8,165	5,654	2,031	15,850
Mining services	9,843	1,346	150	11,339
Geoscience initiatives	8,405	1,437	5,751	15,593
National seabed survey	20,582	2,944	5,300	28,826
TG4	1,800	3,510	4,965	10,275
	<b>318,985</b>	<b>118,220</b>	<b>71,884</b>	<b>509,089</b>

Expenditure figures for 2011 and prior years relate only to projects with future legally binding commitments.

## **2.9 Contingent Liability**

There is potential for financial liabilities to arise in 2012 and subsequent years depending on the outcomes of current, pending and possible future EU and other legal actions. The amounts involved cannot be determined at this point.

### 3 Variations in Expenditure

An explanation is provided below in the case of each expenditure subhead where the outturn varied from the amount provided by more than €100,000 and by more than 5% (25% in the case of administration subheads).

Sub-head	Less/(more) than provided €000	Explanation
A.2.	145	The savings arose due to lower than anticipated levels of official travel and the Department's efforts to reduce overall administrative expenditure.
A.7.	616	The savings arose due to some consultancies not proceeding and the Department's efforts to reduce overall expenditure on consultancy services.
B.1.	20,799	The variance arose primarily due to the later than anticipated rollout of the 100Mbps Schools Broadband programme.
B.3.	776	The savings arose primarily as planned expenditure in respect of the cyber security and the emergency call answering service projects did not take place in 2011.
C.3.	(2,710)	The excess arose to facilitate the transition to high definition television by TG4.
C.5.	2,425	The savings arose due to the later than anticipated commencement of the Digital Terrestrial Television information and awareness campaign.
D.1.	1,205	Savings primarily due to the SEAI being below its Employment Control Framework ceiling.
D.2.	8,951	Savings arose due to slower than anticipated uptake of the demand-led Better Energy Homes Scheme.
D.3.	5,148	Expenditure was deferred in some projects pending a review of spending priorities.
E.1.	184	The savings arose primarily due to delays in the completion of two strategic environmental assessments.
E.2.	2,729	The savings arose due to delays in the commencement of remedial works at a state owned mine and some mining compensation payments not proceeding to payment stage.
E.4.	771	The savings arose due to deferred expenditure in respect of the Griffith Research Programme and the Tellus Border Project.
G.1.	168	The savings arose due to lower than anticipated subscriptions to international organisations during the year.
G.4.	501	The savings arose because capital contingency funds were not required in 2011.

## 4 Receipts

4.1 Appropriations-in-aid	2011	2011	2010
	Estimated €000	Realised €000	Realised €000
1. Proceeds of fines in respect of fishery offences	50	28	45
2. Receipts under the Minerals Development Act, 1940 and the Petroleum and Other Minerals Act, 1960	11,488	13,382	9,300
3. Petroleum Infrastructure Support Group	1,166	1,175	5,227
4. Broadcasting licence fees	222,130	217,759	222,376
5. Geological Survey Ireland income	400	305	627
6. Rent on properties in GPO	223	192	230
7. Emergency call answering service	250	—	—
8. Miscellaneous	1,500	2,506	1,839
9. Receipts from pension-related deduction on public service remuneration	4,036	4,301	4,359
<b>Total</b>	<b>241,243</b>	<b>239,648</b>	<b>244,003</b>

### Miscellaneous

	2011 €000	2010 €000
Pension contribution from Sustainable Energy Authority of Ireland	225	210
Pension contribution from Broadcasting Authority of Ireland	771	421
Pension contribution from Ordnance Survey Ireland	409	—
Pension contribution from Digital Hub Development Agency	—	136
Costs recovered from other bodies	69	246
Corrib verification process	274	—
Royalties in respect of Metropolitan Area Networks	735	786
Other	23	40
<b>Total</b>	<b>2,506</b>	<b>1,839</b>

### 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%.

Heading	Less/(more) than estimated €000	Explanation
2	(1,894)	Receipts higher than anticipated due to increases in production and in prospecting licence activities.
7	250	The commencement of the ECAS was deferred until 2012. This is a Vote neutral measure and accordingly no income could be recognised in 2011.
8	(1,006)	Receipts were higher than anticipated as revised procedures were introduced regarding the collection of superannuation monies from some State Bodies.
9	(265)	Receipts higher than anticipated due to uncertainty on forecasting retirements.

## 5 Employee Numbers and Pay

	2011	2010
<b>Number of staff at year end</b> (full time equivalents)	259	263
	<b>2011</b>	<b>2010</b>
	<b>€000</b>	<b>€000</b>
Pay	14,715	15,089
Higher, special or additional duties allowances	105	170
Other allowances	80	—
Overtime	47	55
Employer's PRSI	743	709
<b>Total pay</b>	<b>15,690</b>	<b>16,023</b>

### 5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2011 €	Maximum individual payment 2010 €
Higher, special or additional duties	11	4	20,614	20,635
Other allowances	54	—	7,098	6,765
Overtime	12	—	9,133	13,092

**Note:** Certain individuals received extra remuneration in more than one category.

### 5.2 Performance and Merit Payments

There was no performance or merit payments made in 2011.

### 5.3 Other Remuneration Arrangements

An ex-gratia payment totalling €1,569 was made to four employees in respect of a European Court of Justice decision regarding employees on fixed-term contracts.

An ex-gratia payment of €11,936 was made to a former employee in respect of agreed retirement benefits.

## 6 Miscellaneous

### 6.1 EU Funding

The outturn shown for Subhead B.1. for 2011 includes expenditure which was co-financed from the European Regional Development Fund.

### 6.2 Commissions and Inquiries

€152,264 (2010: €358,767) was paid in respect of various expenses arising out of the Department's involvement in the Moriarty Tribunal.

### 6.3 Other Miscellaneous

A total of €231,916 was paid in settlement of a court case relating to the Corrib Gas Field.

Legal costs of €12,100 were paid as a result of a High Court Order in respect of a case involving the Commission for Energy Regulation.

### 6.4 Petroleum Infrastructure Programme Fund

Statement of the receipts and payments of the Petroleum Infrastructure Programme Fund for the year ended 31 December 2011

	<b>2011</b>	<b>2010</b>
	<b>€000</b>	<b>€000</b>
Balance at 1 January	6,563	1,677
Receipts	1,104	5,245
Payments	(383)	(359)
Balance at 31 December	<u>7,284</u>	<u>6,563</u>

The Petroleum Infrastructure Programme (PIP) was established in 1997 and is funded by oil companies with offshore exploration licences issued by Petroleum Affairs Division. Its aim is to promote hydrocarbon exploration and development activities by strengthening local support structures, funding of research data gatherings and 'land based' research in Irish offshore areas and provides a forum for co-operation amongst explorationists and researchers. Receipts in relation to the PIP fund are recorded as appropriations-in-aid and paid into the fund via Subhead E.1.

The fund is administered by Petroleum Affairs Division of the Department.

### 6.5 Carryover to 2012

Under the provisions of Section 91 of the Finance Act 2004, €15.8m of unspent allocation in respect of the capital elements of subheads B2 and D2 was carried forward to 2012.