

Vote 31 Agriculture, Food and the Marine

Introduction

As Accounting Officer for Vote 31, 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 the expenses of the Office of the Minister for Agriculture, Food and the Marine, including certain services administered by that Office, and of the Irish Land Commission and for payment of certain grants, subsidies and sundry grants-in-aid and for the payment of certain grants under cash-limited schemes.

The expenditure outturn is compared with the sums granted by Dáil Éireann 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 7 form part of the Account.

Statement of Accounting Policies and Principles

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

Capital Assets

A schedule is maintained of all land and buildings administered by the Department. However, as valuations for all of these properties are not available, they are not included in the statement of capital assets (Note 2.1).

Depreciation

The Animal Identification and Movement (AIM) system software is depreciated at 10%. All capital assets are depreciated on a straight line basis over their estimated useful life starting from the month in which they are placed in service.

Statement on Internal Financial Control

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 Agriculture, Food and the Marine.

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 Committee.

The Accreditation Review Group, which is chaired by the Secretary General, 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's Audit Committee, which includes five external members, reviews and monitors the work plan of the Internal Audit Unit and reports annually to the Minister and the Secretary General on its implementation. 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. The Secretary General provided a Statement of Assurance to the certifying body for the EU annual accounts as required by Council Regulation 1290/2005. In 2011, the Department was subject to approximately 2,800 audit person days by these bodies.

The Risk Management Committee, also chaired by the Secretary General, monitors the operation of the Department's Risk Management programme. The overall objective of the programme is to identify and assess the key risks (strategic, operational, financial and reputational) facing the Department in achieving its objectives and to outline measures for addressing those risks. It is reviewed on an ongoing basis. The programme continued to function satisfactorily in 2011 with Risk Management Committee meetings being held in February, April, July and October.

The Department participated in the Department of Finance Performance Budgeting pilot project. Among the aims of the project is the development of enhanced performance indicators as well as the planned restructuring of the Department's Vote on a strategic programme basis. The Department and the Finance Group of Votes went live in 2011 with their respective estimates being published in the new Vote format with accompanying non financial data. In addition, the Department has commenced preparatory work on developing an improved performance measurement framework and costing methodology for scheme operations.

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

There is ongoing identification of training needs, including those relating to financial management. Induction training includes a module on financial management. In addition, in-house training material is available for delivery on performance management and indicators, budgeting, planning and management reporting. The financial procedures manual is subject to ongoing review and revision to take account of any new developments. The financial procedures manual is available online to all Department staff as well as being made available for use in training courses.

Tom Moran
Accounting Officer
Department of Agriculture, Food and the Marine
29 March 2012

Certificate of the Comptroller and Auditor General

I have audited the Appropriation Account of Vote 31: Agriculture, Food and the Marine 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 Agriculture, Food and the Marine. 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.

Seamus McCarthy
Comptroller and Auditor General
7 September 2012

Vote 31 Agriculture, Food and the Marine Appropriation Account 2011

Service	2011 Estimate provision	2011 Outturn	2010 Outturn
	€000	€000	€000
Programme expenditure			
A. Agri-food policy, development and trade	383,642	344,085	317,483
B. Food safety, animal health and welfare and plant health	317,130	256,627	266,887
C. Rural economy and environment	647,885	535,504	869,499
D. Effective delivery of client focused schemes and services	298,850	285,064	277,262
Gross expenditure	1,647,507	1,421,280	1,731,131
Deduct			
E. Appropriations-in-aid	373,892	429,883	401,374
Net expenditure	1,273,615	991,397	1,329,757
Surplus for the year		€282,217,298	€72,660,997
Deferred surrender		€26,900,000	—
Surplus to be surrendered		€255,317,298	€72,660,997
	2011 Estimate	2011 Outturn	2010 Outturn
	€000	€000	€000
Administration			
(i) Salaries, wages and allowances	188,675	189,817	194,938
(ii) Travel and subsistence	8,994	7,885	8,312
(iii) Training and development and incidental expenses	9,086	4,723	5,770
(iv) Postal and telecommunications services	6,142	4,653	5,088
(v) Office equipment and external IT services	20,213	17,778	17,470
(vi) Office premises expenses	7,300	6,166	6,306
(vii) Consultancy services and value for money and policy reviews	136	14	8
(viii) Supplementary measures to protect the financial interests of the EU	658	588	569
(ix) Laboratory equipment	6,230	5,738	5,426
<i>Value for money and policy reviews</i>	—	—	93
	247,434	237,362	243,980

Notes to the Appropriation Account

1 Operating Cost Statement 2011

	Note	€000	2011 €000	2010 €000
Programme cost			1,183,918	1,487,151
Pay			189,817	194,938
Non pay			47,545	49,042
Gross expenditure			1,421,280	1,731,131
Deduct				
Appropriations-in-aid			429,883	401,374
Net expenditure			991,397	1,329,757
Changes in capital assets				
Purchases cash		(3,721)		
Depreciation		8,035		
Loss on disposals		3		
			4,317	12,026
Changes in assets under development				
Cash payments			—	(5,403)
Changes in net current assets				
Decrease in closing accruals		(19,062)		
Increase in stock		(107)		
			(19,169)	(259,186)
Direct expenditure			976,545	1,077,194
Net allied services expenditure	1.1		64,424	60,765
Notional rents			7,215	11,021
Total operating cost			1,048,184	1,148,980

1.1 Net Allied Services

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 31 borne elsewhere.

Vote		2011 €000	2010 €000
7	Superannuation and Retired Allowances	56,340	49,762
9	Office of the Revenue Commissioners	2,514	2,583
10	Office of Public Works	5,174	8,011
20	Garda Síochána	69	207
	Central Fund - Ministerial etc. pensions	327	202
		64,424	60,765

2 Balance Sheet as at 31 December 2011

	Note	2011 €000	2010 €000
Capital assets	2.1	17,724	22,041
		17,724	22,041
Current assets			
Bank and cash	2.2	118,044	60,967
Stocks	2.3	4,309	4,202
Prepayments		1,518	2,017
Accrued income		129,339	170,391
Other debit balances	2.4	2,111	3,132
Total current assets		255,321	240,709
Less current liabilities			
Accrued expenses		7,578	68,192
Deferred income		4	3
Other credit balances	2.5	44,042	67,036
Net liability to the Exchequer	2.6	76,113	(2,937)
Total current liabilities		127,737	132,294
Net current assets		127,584	108,415
Net assets		145,308	130,456
Represented by:			
State funding account		145,308	130,456

2.1 Capital Assets

	Office equipment/ other machinery €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2011	215,033	13,894	228,927
Additions	3,618	103	3,721
Disposals	(931)	—	(931)
Cost or valuation at 31 December 2011	<u>217,720</u>	<u>13,997</u>	<u>231,717</u>
Accumulated depreciation			
Opening balance at 1 January 2011	195,190	11,696	206,886
Depreciation for the year	7,641	394	8,035
Depreciation on disposals	(928)	—	(928)
Cumulative depreciation at 31 December 2011	<u>201,903</u>	<u>12,090</u>	<u>213,993</u>
Net assets at 31 December 2011	<u>15,817</u>	<u>1,907</u>	<u>17,724</u>
Net assets at 31 December 2010	<u>19,843</u>	<u>2,198</u>	<u>22,041</u>

Notes

1. As indicated in the Introduction, land and buildings are not included in this statement.

2. The Minister, as successor to the Irish Land Commission, had 431 hectares of non-agricultural land on hand at 31 December 2011.

2.2 Bank and Cash

at 31 December	2011 €000	2010 €000
PMG balances and cash	123,983	73,102
Orders outstanding	(5,939)	(12,135)
	<u>118,044</u>	<u>60,967</u>

2.3 Stocks

at 31 December	2011 €000	2010 €000
Laboratory supplies and chemicals	287	293
Stationery supplies	103	100
Computer supplies	180	94
Veterinary supplies	3,254	3,180
Livestock	302	325
Agricultural stock	104	124
Safety items and first aid supplies	36	38
Cleaning supplies	7	7
Oil stocks	36	41
	<u>4,309</u>	<u>4,202</u>

2.4 Other Debit Balances	2011	2010
at 31 December	€000	€000
Imprests and recoupable travel costs	232	380
Department of Finance recoupable gratuities and retirement lump sums	594	1,985
Advance payments to OPW	1,109	508
Due from Local Authorities in respect of harbour development	131	181
Other	45	78
	2,111	3,132
2.5 Other Credit Balances	2011	2010
at 31 December	€000	€000
Amounts due to the State		
Withholding Tax	598	678
Value Added Tax	761	869
Relevant Contracts Tax	168	37
Superannuation	473	494
Intervention VAT	(29)	(75)
Income Tax	3,365	3,270
Pay Related Social Insurance	1,189	1,033
Extra exchequer receipts	—	2
	6,525	6,308
Securities	343	810
Milk quota sales and levies	422	438
Cork and Dublin district milk board funds	642	642
Pesticides licensing fees	2,205	2,231
EU advances	32,176	54,099
Miscellaneous	1,729	2,508
	44,042	67,036
2.6 Net Liability to the Exchequer	2011	2010
at 31 December	€000	€000
Surplus to be surrendered	255,317	72,661
Deferred surrender	26,900	—
Exchequer grant undrawn	(206,104)	(75,598)
Net liability to the Exchequer	76,113	(2,937)
Represented by:		
Debtors		
Bank and cash	118,044	60,967
Debit balances: suspense	2,111	3,132
	120,155	64,099
Creditors		
Due to the State	(6,525)	(6,308)
Credit balances: suspense	(37,517)	(60,728)
	(44,042)	(67,036)
	76,113	(2,937)

2.7 Commitments at 31 December	Due in 2012 €000	Subsequent years €000	Total 2011 €000	Total 2010 €000
(a) Procurement	7,054	2,398	9,452	6,037
(b) Grants				
Capital investment grants	23,000	80,000	103,000	124,250
Fishery harbour and coastal infrastructure development	152	—	152	—
Food research	15,697	17,361	33,058	48,203
Afforestation	99,666	684,795	784,461	772,167
Bioenergy	293	—	293	565
Grants to the organic sector	11,449	43,400	54,849	55,043
Farm Improvement Scheme	22,858	56,830	79,688	11,000
Early Retirement Scheme	24,000	69,840	93,840	128,540
Rural Environment Protection Scheme	184,614	311,877	496,491	993,374
Agri Environment Options Scheme	58,000	224,100	282,100	—
Horticulture Scheme	225	—	225	399
Equine breeding	1,676	—	1,676	1,272
Cattle Breeding Authority	884	—	884	—
Animal Health Ireland	500	500	1,000	—
Total of legally enforceable commitments	450,068	1,491,101	1,941,169	2,140,850

3 Programme Expenditure

	2011 Estimate provision €000	2011 Outturn €000	2010 Outturn €000
A Agri-Food Policy, Development and Trade			
A.1 Administration - pay	15,085	15,176	15,572
A.2 Administration - non pay	4,325	3,417	3,484
A.3 Research and training	35,695	35,190	35,455
A.4 Development of agriculture and food	44,500	20,361	25,846
A.5 Teagasc - grant-in-aid for general expenses	120,156	120,156	114,165
A.6 An Bord Bia - grant-in-aid for general expenses	28,392	27,637	28,491
A.7 Marine Institute (grant-in-aid)	24,200	24,123	24,227
A.8 Bord Iascaigh Mhara (grant-in-aid)	16,738	16,738	17,425
A.9 Food aid donations - World Food Programme	9,960	9,960	9,960
A.10 Other services	27,301	14,037	16,382
A.11 Horse and Greyhound Racing Fund	57,290	57,290	26,476
	383,642	344,085	317,483
B Food Safety, Animal Health and Welfare and Plant Health			
B.1 Administration - pay	105,231	105,868	108,726
B.2 Administration - non pay	35,984	29,455	29,752
B.3 Food safety (and public health), animal health and welfare and plant health	175,730	121,212	128,281
B.4 Other services	185	92	128
	317,130	256,627	266,887
C Rural Economy and Environment			
C.1 Administration - pay	40,856	41,103	42,223
C.2 Administration - non pay	11,062	8,781	9,447
C.3 Rural environment	337,000	277,022	323,802
C.4 Land mobility (early retirement/installation aid)	35,960	27,702	35,155
C.5 Development of agriculture and food	73,340	40,882	315,063
C.6 Forestry and bioenergy	119,820	116,459	120,612
C.7 Fisheries	17,838	12,648	10,616
C.8 Sea Fisheries Protection Authority	10,895	10,199	11,324
C.9 Other services	1,114	708	1,257
	647,885	535,504	869,499
D Effective Delivery of Client Focused Schemes and Rewards			
D.1 Administration - pay	27,503	27,670	28,416
D.2 Administration - non pay	7,388	5,892	6,358
D.3 Income and market supports	43,333	17,609	30,229
D.4 Income support in disadvantaged areas	220,000	233,757	208,195
D.5 Other services	626	136	4,064
	298,850	285,064	277,262
Gross Expenditure		1,421,280	1,731,131

Explanation of significant variations

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

Sub-head	Less/(more) than provided €000	Explanation
A.4	24,139	The impact of the economic downturn contributed to a lower level of investment than anticipated in 2011 under the Dairy and Beef/Sheepmeat Marketing and Processing Investment Funds.
A.10	13,264	Savings arose on legal expenses as fewer cases than anticipated were settled during the year. Also the beef efficiency programme provided for under this heading was not launched until 2012.
B.3	54,518	There were savings on TB eradication, BSE and other animal diseases due to the continuing decrease in disease incidence and fewer incidences of class A disease outbreaks during the year. The level of claims submitted under the suckler cow welfare scheme was lower than anticipated and there were also savings under the fallen animal scheme due to the reduced cattle numbers taken into knackeries.
C.3	59,978	The variation from estimate arose as some applications under both the agricultural environmental options scheme and rural environment protection scheme did not clear all of the administrative checks that are required for payment under the EU regulation before year end.
C.4	8,258	The savings occurred as more participants under the early retirement scheme than anticipated qualified for the national old age pension at 65 or 66 years, at which point the early retirement scheme pension was reduced by the amount of national pension paid.
C.5	32,458	Expenditure under the targeted agricultural modernisation schemes was less than estimated as some projects approved for grant aid were not completed and the funding provided was not fully drawn down (farmers have two years to complete works approved). In addition, the schemes were temporarily suspended in June 2011 resulting in less grant approvals being issued.
C.7	5,190	The savings arose mainly under aquaculture capital development due to on-going constraints on eligible investment projects arising from the designation of inshore waters as special areas of conservation and special protection areas and also due to the exclusion of salmon aquaculture. There were also savings due to non completion of development works at some of the fishery harbours.
C.8	696	Due to a derogation in legislation, fewer vessels required systems installations than was originally provided for in the estimate.
C.9	406	There was less expenditure under technical assistance than estimated due to a streamlining of activities under the national rural network.
D.3	25,724	Savings arose as the number of expected audits and possible disallowances cases were not concluded by year end and the resulting reimbursement to the EU did not occur.
D.4	(13,757)	The excess is mainly due to the high level of applications under the 2010 scheme that remained to be paid in 2011.
D.5	490	Most of the outstanding applications under the 2010 frost damage crop scheme did not meet the scheme conditions, leading to a saving.

4 Receipts

4.1 Appropriations-in-aid	Subhead	2011 Estimated €000	2011 Realised €000	2010 Realised €000
1. Recoupment of salaries, etc. of officers on loan to outside bodies		735	761	923
2. Forfeited deposits and securities under EU intervention, export refund, etc. arrangements		1	736	996
3. Refunds from veterinary fees for inspection services at poultry and other meat plants		14,735	15,247	15,558
4. Receipts from veterinary inspection fees for live exports		1,241	1,646	2,407
5. Receipts from fees for dairy premises inspection services		5,000	5,685	4,929
6. Receipts from the sale of vaccines, livestock, farm produce, etc. at Veterinary Research Laboratory and farm at Abbotstown; recoupment of quarantine expenses at Spike Island	B.3	970	1,277	1,412
7. Receipts from seed testing fees, certification fees, licensing fees, pesticides, registration fees, etc. and receipts from Backweston Farm	A.3	1,666	1,698	1,851
8. Receipts from farmer contributions towards the cost of eradicating bovine disease	B.3	5,000	5,780	5,543
9. Land Commission receipts		346	410	506
10. Other receipts		200	2,652	846
11. Market intervention expenses and financing costs for other FEOGA (Guarantee) section measures	D.3	1,261	1,056	1,675
12. Intervention stock losses, etc.		1	1,086	958
13. EAFRD (European Agricultural Fund for Rural Development)	C.3-C.5, D.4	300,000	346,368	306,132
14. Veterinary Fund	B.3	15,921	19,566	14,020
15. Other Guarantee receipts from EU (Agriculture)	D.3,D.5	1,615	1,044	1,039
16. Other Guarantee receipts from EU (EAGGF Fisheries)	D.3	750	919	1,050
17. National Development Plan - structural receipts (2000-2006)	C.7	2,000	3,316	—
18. Proceeds of fines and forfeitures in respect of sea fisheries	C.7	100	249	234
19. Receipts under the 1933 Foreshore Act and the 1954 State Property Act	A.5, A.7,A.8,C.8	100	120	144
20. EU recoupment in respect of expenditure on the conservation and management of fisheries		1	379	1,102
21. Aquaculture licence fees		412	689	387
22. EU FIFG receipts (aquaculture and development)		1	—	—
23. EFF (Fisheries) 2007-2013		5,000	—	20,590
24. Receipts from pension-related deduction on public service remuneration		16,836	19,199	19,072
Total		373,892	429,883	401,374

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.	(735)	Only a nominal amount was provided due to the unpredictable nature of forfeitures on licence securities.
4.	(405)	Fee income was higher than estimated as exports of bovines were higher than anticipated when the estimate was being framed.
5.	(685)	There was a higher milk volume processed in 2011 resulting in more fees collected than estimated.
6.	(307)	The level of samples submitted to the Department's laboratories for testing during the year was higher than predicted, due to increased emphasis on endemic diseases.
8.	(780)	The higher volumes of milk produced and cattle slaughtered during the year resulted in a higher level of disease levies collected from farmers than anticipated.
10.	(2,452)	Staff superannuation deductions now receivable from some of the state agencies under the remit of this Department included under this heading contributed to the excess.
11.	205	The lower level of receipts resulted from the absence of purchases of milk products or barley into intervention, but this was partly offset by a higher level of recoupment costs for the removal of skim milk powder stocks out of intervention.
12.	(1,085)	The outcome of the clearance of the EAGF account cannot be pre-determined and only a nominal provision was made.
13.	(46,368)	Receipts were higher than estimated due to accelerated recoupment in respect of EAFRD expenditure. In addition, funding held in suspense, arising from an advance of EU co-funding under the rural development programme 2007-2013, was returned as an appropriation-in-aid.
14.	(3,645)	An amount of €3.6m, withheld from the 2010 claim under the TB programme pending the result of an EU Commission audit, was received in 2011.
15.	571	The outturn reflects lower than expected uptake of the school milk scheme.
16.	(169)	Given the nature of the industry and the relative volatility of supply and demand, it is difficult to accurately estimate in advance the level of uptake of fishery market intervention schemes and consequently the amounts recoupable from the EAGF.
17.	(1,316)	The amount received represents the final 5% closing balance under the EAGGF Fund. It was not possible to anticipate the timing of the receipts.
18.	(149)	Receipts from fines are variable, depending on the level of detections, the number of court cases completed and the level of fines and forfeitures imposed.
20.	(378)	Reimbursement under this heading had not been provided for in the original estimate as receipts are dependent on funding available and on the suitability of projects.
21.	(277)	The variance was due to the earlier billing of licence fees and collection of arrears during the year.
23.	5,000	The claim submitted was not certified in time by the EU Commission to complete the drawdown of funds before year end.
24.	(2,363)	The level of income levy was difficult to estimate due to the ongoing changes in staff number in the Department and the agencies under its remit.

4.2 Extra receipts payable to the Exchequer

	2011	2010
	€000	€000
Dublin District Milk Board pension fund	11	11
Conscience money	1	—
Surrender of suspense account	164	350
Legal expenses	20	35
National Milk Agency pension contributions	782	—
Refund of legal fees	4	—
Voluntary surrender of pay	8	9
Total	990	405

5 Employee Numbers and Pay

	2011	2010
Number of staff at year end (full time equivalents)	3,525	3,632
	2011	2010
	€000	€000
Pay	174,515	179,716
Higher, special or additional duties allowances	1,813	1,831
Other allowances	1,291	1,189
Overtime	3,625	3,941
Employer's PRSI	8,573	8,354
Total pay	189,817	195,031

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	599	10	20,614	20,277
Other allowances	596	20	20,642	20,178
Overtime	865	97	46,771	39,843

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

5.2 Other Remuneration Arrangements

Out of court settlements of €35,000 each were made to two staff members during the year.

An ex-gratia payment of €27,000 was made to one staff member in settlement of a claim.

Ex-gratia payments of €2,500 each were made to two staff members following an assault on them by members of the public.

€78,492 was paid to a retired civil servant, in receipt of a civil service pension, who was re-engaged on a fee basis. Fees paid were consistent with the principles of the Pensions (Abatement) Act, 1965.

This account includes €40,970 in respect of the non recoupable portion of the remuneration of an officer seconded to a staff representative body.

An amount of €58,122 in respect of severance pay was paid to six employees in 2011.

6 Miscellaneous

6.1 EU Funding

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

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

Subheads C and D include expenditure in respect of activities co-financed by the EU through the EAFRD. Subhead B includes expenditure in respect of activities that are co-financed from the EU Veterinary Fund. Subhead C includes expenditure in respect of activities co-financed by the EU through the Financial Instrument for Fisheries Guidance, 2000-2006 (FIFG) and the European Fisheries Fund, 2007-2013 (EFF).

The Account includes interest of €4.268 million paid on short-term borrowings of €673 million borrowed in 2010 to fund EAGF Guarantee expenditure pending recoupment from the EU. The borrowings were repaid in 2011 along with interest.

A total of €720 million in short-term funds were borrowed in 2011 to fund EAGF Guarantee expenditure pending EU recoupment in 2012.

Provision, as outlined in note 6.4, has been made for potential future liabilities arising from the repayment of EAFRD advance funding received from the EU.

Receipts in relation to EU-funded expenditure managed by the Department of Agriculture, Food and Marine EAGF Guarantee (measures fully funded by the EU)

Description	2011	2010
	Outturn €m	Outturn €m
Single payment scheme (including modulation refund)	1,316	1,145
Grassland sheep, dairy efficiency, Burren life (EU Reg 73/2009 Article 68 measures)	23	—
Export refunds	3	9
Intervention	36	3
Other	(2)	—
Co-funded receipts (measures co-funded by EU) ¹		
Agriculture		
EAFRD Rural Development Programme 2007-2013	346	306
Veterinary fund	20	14
Market intervention	1	2
Other co-financing receipts	5	2
Fisheries		
FIFG - aquaculture development/fisheries development	1	23
	<u>1,749</u>	<u>1,504</u>

¹ Only the EU co-funding on these programmes is shown in this table.

6.2 Write-offs

The following sums were written off in the year:

	2011	2010
	€	€
Scheme of early retirement from farming	265,949	674,864
Afforestation schemes	221,837	29,792
Overpayment of salary to staff member (now retired)	1,414	—
Land Commission annuity arrears	75,834	—
Miscellaneous EU premia and areas based schemes	84,930	—
Rural Environment Protection scheme	—	1,142
Relevant Contracts Tax liability not recovered	—	50,748
Unfilled order due to a supplier liquidation	—	32,960

6.3 Legal Costs and Compensation

Legal costs of €43,205 were paid following a personal injuries claim made by a non-employee.

An award and legal costs totalling €180,000 were paid following a High Court hearing in relation to an animal welfare case.

Legal costs totalling €336,489 were paid arising out of two High Court actions in fisheries related cases.

Legal costs of €82,611 were paid arising out of a High Court hearing in relation to a claim under the Early Retirement Scheme.

An out of court settlement and associated legal costs totalling €126,300 were paid in relation to a claim made under the disease eradication schemes.

6.4 Contingent Liability

The EAFRD programme under Regulation 1290/2005 Article 25 provided 7% advance funding on the overall programme paid in two instalments in 2007 and 2008. This amounted to €147m advance funding for the Department which was receipted as appropriations-in-aid in those years. This advance funding must be accounted for by the end of the programme. Depending on the final expenditure for the programme, which ends in 2013, there exists the potential for liabilities to the extent of the advance. The Department is providing in a suspense account the difference between the value of the advance funding and eligible expenditure declared as at 31 December 2011. The value retained in suspense is €32m.

6.5 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 2011 was €8.436m (2010: €8.436m).

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 2011 was €1.524m (2010: €1.524m).

6.6 Ex-Gratia Payments

Ex-gratia payments totalling €1,234,000 were made to 132 animal welfare organisations.

Ex-gratia payments totalling €11,458,414 were made to 17,569 applicants under the farm waste management scheme, whose grants were paid on a phased basis on foot of a Government decision.

7 Horse and Greyhound Racing Fund

Amounts of receipts and payments for the year ended 31 December 2011

	2011	2010
	€000	€000
Balance on 1 January 2011	—	—
Receipts (subhead A.)	57,290	59,264
Payments		
Horse Racing Ireland	(45,830)	(47,411)
Bord na gCon	(11,460)	(11,853)
Balance at 31 December 2011	<u>—</u>	<u>—</u>