



## **Appropriation Account 2012**

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### **Vote 30**

### **Agriculture, Food and the Marine**

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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 2012 for the salaries and expenses of the Office of the Minister for Agriculture, Food and the Marine, including certain services administered by that Office, and of the Irish Land Commission and for payment of certain grants, subsidies and sundry grants-in-aid and for the payment of certain grants under cash-limited schemes.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2012, 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 except for the following;

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

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

#### ***Depreciation***

The 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

#### ***Responsibility for System of Internal Financial Control***

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

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

#### ***Financial Control Environment***

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

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action

- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.

#### ***Administrative Controls and Management Reporting***

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

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Department
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines
- the Department is compliant with all relevant guidelines regarding procurement and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

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

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

#### ***Review of Financial Management and Control***

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

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'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. I provided a Statement of Assurance to the certifying body for the EU annual accounts as required by Council Regulation 1290/2005. In 2012, the Department was subject to approximately 2,600 audit person days by these bodies.

The Risk Management Committee, also chaired by me, 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, fraud 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 2012 with Risk Management Committee meetings being held in February, April, July and October.

The Department continued its work on the development of a performance measurement framework. In addition, the Department is participating in the Department of Public Expenditure and Reform pilot project "Ireland Stat". The Department commenced work on developing an improved performance measurement framework and costing methodology.

***ICT Security***

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

**Tom Moran**

Accounting Officer  
Department of Agriculture, Food and the Marine

27 March 2013

## **Comptroller and Auditor General Report for presentation to the Houses of the Oireachtas**

### **Vote 30 Agriculture, Food and the Marine**

I have audited the appropriation account for Vote 30 Agriculture, Food and the Marine for the year ended 31 December 2012 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, in accordance with standard accounting policies and principles for appropriation accounts.

#### **Responsibility of the Accounting Officer**

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

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

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

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

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

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

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

#### **Scope of audit**

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

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

**Opinion on the appropriation account**

In my opinion, the appropriation account properly presents the receipts and expenditure of Vote 30 Agriculture, Food and the Marine for the year ended 31 December 2012.

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 accounts.

**Seamus McCarthy**  
Comptroller and Auditor General

30 August 2013

## Vote 30 Agriculture, Food and the Marine Appropriation Account 2012

	Estimate provision		2012	2011
			Outturn	Outturn
	€000	€000	€000	€000
<b>Programme Expenditure</b>				
A	Agri-food policy, development and trade	350,892	346,145	344,085
B	Food safety, animal health and welfare and plant health	253,059	238,424	256,627
C	Rural economy, environment and structural changes			
	<i>Current year provision</i>	457,764		
	<i>Deferred surrender</i>	26,900	484,664	476,157
D	Direct payments	250,219	257,287	285,064
<b>Gross expenditure</b>				
	<i>Current year provision</i>	1,311,934		
	<i>Deferred surrender</i>	26,900	<b>1,338,834</b>	<b>1,318,013</b>
				<b>1,421,280</b>
<b>Deduct</b>				
E	Appropriations-in-aid	369,632	378,256	429,883
<b>Net expenditure</b>				
	<i>Current year provision</i>	942,302		
	<i>Deferred surrender</i>	26,900	<b>969,202</b>	<b>939,757</b>
				<b>991,397</b>

### Surplus for surrender

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

	2012	2011
	€	€
Surplus	29,445,201	282,218,098
Deferred surrender	6,000,000	26,900,000
Surplus to be surrendered	23,445,201	255,318,098

**Analysis of administration expenditure**

		<b>2012</b>		<b>2011</b>
		<b>Estimate</b>	<b>Outturn</b>	<b>Outturn</b>
		<b>provision</b>		
		<b>€000</b>	<b>€000</b>	<b>€000</b>
i	Salaries, wages and allowances	184,552	177,550	189,817
ii	Travel and subsistence	7,501	7,286	7,885
iii	Training and development and incidental expenses	5,601	4,062	4,723
iv	Postal and telecommunications services	5,154	4,340	4,653
v	Office equipment and external IT services	20,234	17,404	17,778
vi	Office premises expenses	6,000	6,052	6,166
vii	Consultancy services and value for money and policy reviews	100	77	14
viii	Supplementary measures to protect the financial interests of the EU	629	634	588
ix	Laboratory equipment	5,600	5,511	5,738
x	EU Presidency	—	—	—
		<b>235,371</b>	<b>222,916</b>	<b>237,362</b>



## Notes to the Appropriation Account

### 1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Programme cost	1,095,097	1,183,918
Pay	177,550	189,817
Non pay	45,366	47,545
<b>Gross expenditure</b>	<b>1,318,013</b>	<b>1,421,280</b>
<i>Deduct</i>		
<b>Appropriations-in-aid</b>	<b>378,256</b>	<b>429,883</b>
<b>Net expenditure</b>	<b>939,757</b>	<b>991,397</b>
<b>Changes in capital assets</b>		
Purchases cash	(3,160)	
Depreciation	6,880	
Loss on disposals	1	
	3,721	4,317
<b>Changes in net current assets</b>		
Decrease in closing accruals	(7,862)	
Decrease in stock	225	
	(7,637)	(19,169)
<b>Direct expenditure</b>	<b>935,841</b>	<b>976,545</b>
<b>Expenditure borne elsewhere</b>		
Net allied services expenditure (note 1.1)	65,179	64,424
Notional rents	7,552	7,215
<b>Net programme cost</b>	<b>1,008,572</b>	<b>1,048,184</b>

#### 1.1 Net Allied Services Expenditure

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

	2012	2011
	€000	€000
Vote 9 Office of the Revenue Commissioners	2,452	2,514
Vote 12 Superannuation and Retired Allowances	58,487	56,340
Vote 13 Office of Public Works	3,804	5,174
Vote 20 Garda Síochána	—	69
Central Fund - Ministerial pensions	436	327
	<b>65,179</b>	<b>64,424</b>

## 2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
<b>Capital assets</b>	2.3	14,003	17,724
<b>Current assets</b>			
Bank and cash	2.4	50,215	118,044
Stocks	2.5	4,083	4,309
Prepayments		2,065	1,518
Accrued income:			
EAFRD funding due from the EU		122,784	115,239
Other amounts due from the EU		2,890	3,890
Scheme overpayments		3,307	4,573
Due from services		6,124	5,637
Other debit balances	2.6	1,349	2,111
<b>Total current assets</b>		<b>192,817</b>	<b>255,321</b>
<b>Less current liabilities</b>			
Accrued expenses		6,031	7,578
Deferred income		1	4
Other credit balances	2.7	35,492	44,042
Net liability to the Exchequer	2.8	16,072	76,113
<b>Total current liabilities</b>		<b>57,596</b>	<b>127,737</b>
<b>Net current assets</b>		<b>135,221</b>	<b>127,584</b>
<b>Net assets</b>		<b>149,224</b>	<b>145,308</b>
<b>Represented by:</b>			
<b>State funding account</b>	2.1	<b>149,224</b>	<b>145,308</b>
<hr/>			
<b>2.1 State Funding Account</b>	<b>Note</b>	<b>2012</b>	<b>2011</b>
		<b>€000</b>	<b>€000</b>
Balance at 1 January		145,308	130,456
Funding drawn down	2.2	1,004,936	1,055,821
Non cash expenditure – notional rent	1	7,552	7,215
Net programme cost	1	(1,008,572)	(1,048,184)
<b>Balance at 31 December</b>		<b>149,224</b>	<b>145,308</b>
<hr/>			
<b>2.2 Funding drawn down</b>	<b>Note</b>	<b>2012</b>	<b>2011</b>
		<b>€000</b>	<b>€000</b>
Disbursements from the Vote			
Estimate provision	Account	969,202	1,273,615
Deferred surrender	Account	(6,000)	(26,900)
Surplus to be surrendered	Account	(23,445)	(255,318)
		939,757	991,397
Expenditure (cash) borne elsewhere	1	65,179	64,424
<b>Total funding drawn down</b>		<b>1,004,936</b>	<b>1,055,821</b>

**2.3 Capital Assets**

	Office equipment/ other machinery €000	Furniture and fittings €000	Total €000
<b>Gross assets</b>			
Cost or valuation at 1 January 2012	217,720	13,997	231,717
Additions	3,122	38	3,160
Disposals	(190)	—	(190)
Cost or valuation at 31 December 2012	220,652	14,035	234,687
<b>Accumulated depreciation</b>			
Opening balance at 1 January 2012	201,903	12,090	213,993
Depreciation for the year	6,482	398	6,880
Depreciation on disposals	(189)	—	(189)
Cumulative depreciation at 31 December 2012	208,196	12,488	220,684
<b>Net assets at 31 December 2012</b>	<b>12,456</b>	<b>1,547</b>	<b>14,003</b>
<b>Net assets at 31 December 2011</b>	<b>15,817</b>	<b>1,907</b>	<b>17,724</b>

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

**2.4 Bank and Cash**

at 31 December	2012 €000	2011 €000
PMG balances and cash	53,334	123,983
Orders outstanding	(3,119)	(5,939)
	50,215	118,044

**2.5 Stocks**

at 31 December	2012 €000	2011 €000
Laboratory supplies and chemicals	289	287
Stationery supplies	124	103
Computer supplies	143	180
Veterinary supplies	3,171	3,254
Livestock	223	302
Agricultural stock	68	104
Safety items and first aid supplies	24	36
Cleaning supplies	7	7
Oil stocks	34	36
	4,083	4,309

**2.6 Other Debit Balances**

at 31 December	2012	2011
	€000	€000
Imprests and recoupable travel costs	209	232
Department of Finance recoupable gratuities and retirement lump sums	—	594
Advance payments to OPW	1,075	1,109
Due from local authorities in respect of harbour development	65	131
Other	—	45
	<u>1,349</u>	<u>2,111</u>

**2.7 Other Credit Balances**

at 31 December	2012	2011
	€000	€000
<b>Amounts due to the State</b>		
Withholding Tax	533	598
Value Added Tax	517	761
Relevant Contracts Tax	3	168
Superannuation	—	473
Intervention VAT	65	(29)
Income Tax	—	3,365
Pay Related Social Insurance	—	1,189
	<u>1,118</u>	<u>6,525</u>
Securities	291	343
Milk quota sales and levies	565	422
Cork and Dublin district milk board funds	—	642
Pesticides licensing fees	2,124	2,205
EU advances (note 6.5)	24,631	32,176
Miscellaneous	6,763	1,729
	<u>35,492</u>	<u>44,042</u>

**2.8 Net Liability to the Exchequer**

at 31 December	2012	2011
	€000	€000
Surplus to be surrendered	23,445	255,317
Deferred surrender	6,000	26,900
Exchequer grant undrawn	(13,373)	(206,104)
Net liability to the Exchequer	16,072	76,113

**Represented by:****Debtors**

Bank and cash	50,215	118,044
Debit balances: suspense	1,349	2,111
	51,564	120,155

**Creditors**

Due to State	(1,118)	(6,525)
Credit balances: suspense	(34,374)	(37,517)
	(35,492)	(44,042)
	16,072	76,113

**2.9 Commitments**

at 31 December	2012		2011	
	Due 2013	Subsequent years	Total	
	€000	€000	€000	
<b>(a) Procurement</b>	7,925	6,281	14,206	9,452
<b>(b) Grants</b>				
Capital investment grants	19,100	41,500	60,600	103,000
Fishery harbour and coastal infrastructure development	—	—	—	152
Food research	13,552	32,459	46,011	33,058
Afforestation	102,690	646,616	749,306	784,461
Bioenergy	667	—	667	293
Grants to the organic sector	6,374	22,000	28,374	54,849
Farm Improvement Scheme	26,307	38,324	64,631	79,688
Early Retirement Scheme	13,998	32,000	45,998	93,840
Rural Environment Protection Scheme	141,995	168,560	310,555	496,491
Agri Environment Options Scheme	51,800	138,392	190,192	282,100
Horticulture Scheme	200	—	200	225
Equine breeding	—	—	—	1,676
Cattle Breeding Authority	—	—	—	884
Animal Health Ireland	500	—	500	1,000
On Farm Market Valuation	133	—	133	—
Total of legally enforceable commitments	385,241	1,126,132	1,511,373	1,941,169

### 3 Programme Expenditure by Subhead

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
<b>A</b>	<b>Agri-Food Policy, Development and Trade</b>			
A.1	Administration – pay	17,638	17,056	15,176
A.2	Administration - non pay	4,118	3,519	3,417
A.3	Research and training	31,910	32,407	35,190
A.4	Development of agriculture and food	25,250	25,936	20,361
A.5	Teagasc - grant-in-aid for general expenses	117,060	117,060	120,156
A.6	An Bord Bia - grant-in-aid for general expenses	27,120	27,120	27,637
A.7	Marine Institute (grant-in-aid)	22,450	22,449	24,123
A.8	Bord Iascaigh Mhara (grant-in-aid)	17,000	16,250	16,738
A.9	Food aid donations - World Food Programme	9,960	9,960	9,960
A.10	Other services	22,096	18,098	14,037
A.11	Horse and Greyhound Racing Fund	56,290	56,290	57,290
		<b>350,892</b>	<b>346,145</b>	<b>344,085</b>

#### Significant variations

Overall, the gross expenditure in relation to the Programme was €4,747,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Other services	3,998	Savings arose on legal expenses as fewer legal cases were settled during the year than anticipated. There were also savings under the Beef and Lamb Quality Assurance schemes due to a reduction in participants and increased operational efficiency. The Beef Technology Adoption Programme also yielded savings as it was only launched in February 2012.

	2012		2011
	Estimate provision	Outturn	Outturn
	€000	€000	€000
<b>B Food Safety, Animal Health and Welfare and Plant Health</b>			
B.1 Administration - pay	104,067	100,362	105,868
B.2 Administration - non pay	30,020	26,746	29,455
B.3 Food safety (and public health), animal health and welfare and plant health	118,972	111,316	121,212
B.4 Other services	—	—	92
	<b>253,059</b>	<b>238,424</b>	<b>256,627</b>

**Significant variations**

Overall, the gross expenditure in relation to the Programme was €14,635,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Food safety (and public health), animal health and welfare and plant health	7,656	There were savings on TB eradication, BSE, scrapie and other animal disease programmes due to the continuing decrease in disease incidence and fewer incidences of Class A disease outbreaks during the year. There was also less expenditure on meat inspection duties at meat plants due to the introduction of more efficient rostering and reduced hourly fees. Some of the savings under this heading were partly offset by the processing of a higher number of claims for payments under the suckler cow welfare scheme than was originally estimated.

		<b>2012</b>		<b>2011</b>
		<b>Estimate provision</b>		<b>Outturn</b>
		<b>€000</b>	<b>€000</b>	<b>€000</b>
<b>C Rural Economy, Environment and Structural Changes</b>				
C.1	Administration - pay	39,047	36,885	41,103
C.2	Administration - non pay	9,526	8,694	8,781
C.3	Rural environment	243,000	253,213	277,022
C.4	Land mobility (early retirement/ installation aid schemes)	24,150	20,471	27,702
C.5	Development of agriculture and food	26,261	23,475	40,882
C.6	Forestry and bioenergy			
	<i>Current year provision</i>	89,460		
	<i>Deferred surrender</i>	26,900		
		116,360	112,817	116,459
C.7	Fisheries	13,060	9,862	12,648
C.8	Sea Fisheries Protection Authority	10,690	9,341	10,199
C.9	Other services	2,570	1,399	708
		<b>484,664</b>	<b>476,157</b>	<b>535,504</b>

**Significant variations**

Overall, the gross expenditure in relation to the Programme was €8,507,000 lower than provided. This was mainly due to the following:

<b>Description</b>	<b>Less/ (more) than provided €000</b>	<b>Explanation</b>
Land mobility (early retirement/ installation aid schemes)	3,679	The savings occurred as more participants under the Early Retirement schemes qualified for the national old age pension at 65 or 66 years than anticipated, at which point the early retirement scheme pension was reduced by the amount of national pension paid.
Development of agriculture and food	2,786	There was less expenditure than estimated under the Targeted Agricultural Modernisation schemes, with the exception of the Poultry Welfare scheme, as some projects approved for grant aid were not completed and the funding provided was not drawn down since the applicants have two years to complete approved works.
Fisheries	3,198	The savings arose 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.
Sea Fisheries Protection Authority	1,349	There was a delay in awarding Sea Fisheries Protection Authority capital contracts which resulted in a saving.
Other services	1,171	This heading includes the Haulbowline Island Remediation project, where all expected costs did not fall due before year end. Also, not all of the funding allocated for Technical Assistance was required.



	2012		2011
	Estimate provision	Outturn	Outturn
	€000	€000	€000
<b>D Direct Payments</b>			
D.1 Administration-pay	23,800	23,247	27,670
D.2 Administration - non pay	7,155	6,407	5,892
D.3 Income and market supports	29,161	21,181	17,609
D.4 Income support in disadvantaged areas	190,000	206,303	233,757
D.5 Other services	103	149	136
	<b>250,219</b>	<b>257,287</b>	<b>285,064</b>

**Significant variations**

Overall, the gross expenditure in relation to the Programme was €7,068,000 higher than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Income and market supports	7,980	There were three main contributors to the €7.98m savings under this heading. The main savings were due to a lower than anticipated spend on EU disallowances, intervention costs and lower interest costs on short term FEOGA related borrowings.
Income support in disadvantaged areas	(16,303)	The additional expenditure is due to a higher level of applications under the 2012 scheme being cleared for payment by year end than originally estimated.

## 4 Receipts

### 4.1 Appropriations-in-aid

	Subhead	2012		2011	
		Estimated €000	Realised €000	Realised €000	
1.	Recoupment of salaries, etc. of officers on loan to outside bodies	850	995	761	
2.	Forfeited deposits and securities under EU intervention, export refund, etc. arrangements	1	636	736	
3.	Refunds from veterinary fees for inspection at poultry and other meat plants	14,732	15,232	15,247	
4.	Receipts from veterinary inspection fees for live exports	1,091	1,215	1,646	
5.	Receipts from fees for dairy premises inspection services	5,000	5,096	5,685	
6.	Receipts from the sale of vaccines, livestock, farm produce, etc. at Veterinary Research Laboratory and farm at Abbotstown; recoupment of quarantine expenses at Spike Island	B.3	805	989	1,277
7.	Receipts from seed testing fees, certification fees, licensing fees, pesticides, registration fees, etc. and receipts from Backweston Farm	A.3	1,597	2,235	1,698
8.	Receipts from farmer contributions towards the cost of eradicating bovine disease	B.3	5,000	5,194	5,780
9.	Land Commission receipts		5	1,005	410
10.	Other receipts		202	1,585	2,652
11.	Market intervention expenses and financing costs for other FEOGA (Guarantee) section measures	D.3	282	1,275	1,056
12.	Intervention stock losses, etc	D.3,D.5	1	—	1,086
13.	EAFRD (European Agricultural Fund for Rural Development)	C.3,C.5, D.4	300,000	294,428	346,368
14.	Veterinary Fund	B.3	13,960	18,898	19,566
15.	Other Guarantee receipts from EU (Agriculture)	D.3, D.5	1,358	1,012	1,044
16.	Other Guarantee receipts from EU (EAGGF Fisheries)	D.3	600	9	919
17.	National Development Plan - structural receipts (2000-2006)		—	—	3,316
18.	Proceeds of fines and forfeitures in respect of sea fisheries		100	197	249
19.	Receipts under the 1933 Foreshore Act and the 1954 State Property Act		100	111	120
20.	EU recoupment in respect of expenditure on the conservation and management of fisheries		1	1,167	379
21.	Aquaculture licence fees	C.7	412	972	689
22.	EU FIFG receipts (aquaculture and development)	C.7	3,390	1,399	—
23.	EFF (Fisheries) 2007-2013		4,076	6,960	—
24.	Receipts from pension-related deduction on public service remuneration		16,069	17,646	19,199
	<b>Total</b>		<b>369,632</b>	<b>378,256</b>	<b>429,883</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%.

Description	Less/ (more) than provided €000	Explanation
Recoupment of salaries, etc. of officers on loan to outside bodies	(145)	Some recoupment of salaries due in respect of 2011 were not received until 2012.
Forfeited deposits and securities under EU intervention, export refund, etc. arrangements	(635)	Only a token provision is made for income under this category due to the unpredictable nature of forfeitures on licence securities.
Receipts from veterinary inspection fees for live exports	(124)	Fee income in respect of pig and sheep exports was higher than provided for in the original estimate.
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	(184)	The level of samples submitted to the Department's laboratories is a demand led situation, making accurate estimation of expected receipts difficult. An increase in the number of post mortem submissions to the regional veterinary laboratories in 2012 accounted for the increase in receipts above the original estimate.
Receipts from seed testing fees, certification fees, licensing fees, pesticides, registration fees, etc. and receipts from Backweston Farm	(638)	Yields and higher quality product in the sector generated a higher return than anticipated.
Land Commission receipts	(1,000)	The higher levels of receipts than estimated were due to monies received during the year from the sale of land where cow park trusts were revoked.
Other receipts	(1,383)	Staff superannuation deductions receivable from the state agencies under the remit of this Department included under this heading contributed to the excess.
Market intervention expenses and financing costs for other FEOGA (Guarantee) section measures	(993)	The variance is due to monies received from the EU following clearance of the 2011 EAGF account, that was not foreseen when the estimate was being formulated.
Veterinary Fund	(4,938)	The higher level of receipts than estimated was due to an EU decision to increase the allocation from the Fund.
Other Guarantee receipts from EU (Agriculture)	346	The uptake of the School Milk scheme and School Fruit scheme was lower than provided for in the original estimate, resulting in a lower EU co-funding transfer.

Description	Less/ (more) than provided €000	Explanation
Other Guarantee receipts from EU (EAGGF Fisheries)	591	Given the nature of the fishing 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.
EU recoupment in respect of expenditure on the conservation and management of fisheries	(1,166)	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.
Aquaculture licence fees	(560)	The variation from estimate was due to one large payment and a number of fee arrears received during the year.
EU FIGG receipts (aquaculture and development)	1,991	Receipts under this heading were less than originally estimated as the anticipated closure of the operational programme under the FIGG 2000-2006 in 2012 did not occur.
EFF (Fisheries) 2007-2013	(2,884)	The surplus arose as the drawdown of funds due in 2011 from the European Commission did not take place until 2012.
Receipts from pension-related deduction on public service remuneration	(1,577)	The level of income levy was difficult to estimate due to the ongoing changes in staff numbers and their income in the Department and in the state agencies under its remit.

#### 4.2 Extra receipts payable to the Exchequer

	2012 €000	2011 €000
Dublin district milk board pension income	5	11
Conscience money	—	1
Surrender of suspense account balances	1,517	164
Legal expenses	20	20
National Milk Agency pension contribution	—	782
Refund of legal fees	—	4
Voluntary surrender of pay	16	8
Proceeds from sale of two properties	245	—
Grants for dairy industry - surrendered by Enterprise Ireland	2,101	—
<b>Total</b>	<b>3,904</b>	<b>990</b>

## 5 Employee Numbers and Pay

The following employee numbers and pay information relates to the Department and its associated State bodies. The 2011 comparative figures have been restated to include those State bodies.

	<b>2012</b>	<b>2011</b>
<b>Number of staff at year end</b> (full time equivalents)	4,844	5,159
	<b>2012</b>	<b>2011</b>
	<b>€000</b>	<b>€000</b>
Pay	221,798	235,873
Higher, special or additional duties allowance	2,428	2,834
Other allowances	1,631	2,193
Overtime	3,522	3,874
Redundancy payments	192	134
Employer's PRSI	10,938	10,959
<b>Total Pay</b>	<b>240,509</b>	<b>255,867</b>

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

### 5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	543	8	20,614	20,614
Other allowances	480	18	20,206	20,642
Overtime	829	89	30,835	46,771

Certain individuals received extra remuneration in more than one category.

### 5.2 Other Remuneration Arrangements

€79,343 in total, was paid to two retired civil servants, in receipt of civil service pensions, who were re-engaged on a fee basis. Fees paid were consistent with the principles of the Pensions (Abatement) Act, 1965.

This account includes €29,310 in respect of the non recoupable portion of the remuneration of an officer seconded to a staff representative body.

## 6 Miscellaneous

### 6.1 EU Funding

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

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

Programmes C and D include expenditure in respect of activities co-financed by the EU through the EAFRD. Programme C also includes expenditure in respect of activities that are co-financed from the EU Veterinary Fund. Programme C includes expenditure in respect of activities co-financed by the EU through the Financial Instrument for Fisheries Guidance, 2000-2006 (FIFG) and the European Fisheries Fund, 2007-2013 (EFF). Programme D includes a charge to the Vote of €10.5m for EU funding which has been disallowed.

The Account includes interest of €3.27m paid on short-term borrowings of €720m borrowed in 2011 to fund EAGF Guarantee expenditure pending recoupment from the EU. The borrowings were repaid in 2012 along with interest.

A total of €730m in short-term funds were borrowed in 2012 to fund EAGF Guarantee expenditure pending EU recoupment in 2013. These loans are not reflected in Note 2.

Provision, as outlined in Note 6.5 has been made for potential future liabilities arising from the repayment of EAFRD advance funding received from the EU in 2007 and 2008.

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

<b>EAGF Guarantee (measures fully funded by the EU )</b>	<b>2012</b>	<b>2011</b>
	<b>€m</b>	<b>€m</b>
Single payment scheme (including modulation refund)	1,248	1,316
Grassland Sheep, Dairy Efficiency, Burren Life (EU Reg 73/2009 Article 68 Measures)	39	23
Export refunds	1	3
Intervention	14	36
Milk superlevy	(16)	—
Other	6	(2)
<b>Co-funded receipts (measures co-funded by EU)<sup>1</sup></b>	<b>2012</b>	<b>2011</b>
	<b>€m</b>	<b>€m</b>
<b>Agriculture</b>		
EAFRD Rural Development Programme 2007-2013	294	346
Veterinary Fund	19	20
Market intervention	—	1
Other co-financing receipts	2	5
<b>Fisheries</b>		
FIFG - aquaculture development/fisheries development	2	1
EFF - European Fisheries Fund 2007-2013	7	—
	<b>1,616</b>	<b>1,749</b>

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

**6.2 Overpayments**

	<b>2012</b>	<b>2011</b>
	<b>€000</b>	<b>€000</b>
Scheme overpayments at 1 January	4,573	5,760
Overpayments raised in the year	8,225	7,643
Corrections	(3,524)	(2,227)
Recoveries	(5,498)	(6,030)
Write-offs (note 6.3)	(469)	(573)
Scheme overpayments at 31 December	<b>3,307</b>	<b>4,573</b>

**6.3 Write-offs**

The following sums were written off in the year:

	<b>2012</b>	<b>2011</b>
	€	€
<b>Schemes:</b>		
Early retirement from farming	93,599	265,949
Afforestation schemes	174,826	221,837
Miscellaneous EU premia and areas based schemes	100,472	84,930
Rural Environment Protection scheme	100,038	—
	<u>468,935</u>	<u>572,716</u>
<b>Other:</b>		
Veterinary inspection fees unpaid by companies no longer in business	10,850	—
Overpayment of salary to staff member (now retired)	—	1,414
Land Commission annuity arrears	—	75,834

**6.4 Legal Costs and Compensation**

Legal cost paid during the year are categorised as follows:

	<b>2012</b>
	€
Legal fees	33,265
Compensation costs	1,243,799
	<u>1,277,064</u>

The total legal fees and compensation costs incurred in 2011 amounted to €980,083.

**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.

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 2012. The value retained in suspense is €24.63 million.



### 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 2012 was €8.436m (2011: €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 2012 was €1.524m (2011: €1.524m).

### 6.7 Ex-Gratia Payments

Ex-gratia payments totalling €1,370,000 were made to 141 animal welfare organisations (2011: €1,234,000).

An ex-gratia payment of €40,728 was made to a farmer under the TB Eradication scheme who had to cull his deer herd.

Ex-gratia payments totalling €14,799 were made to 27 applicants under the Farm Waste Management scheme, whose grants were partially paid on a phased basis on foot of a Government decision.

## 7. Horse and Greyhound Racing Fund

Account of receipts and payments for the year ended 31 December 2012

	<b>2012</b>	<b>2011</b>
	<b>€000</b>	<b>€000</b>
Balance at 1 January 2012	—	—
Receipts (subhead A.11)	56,290	57,290
Payments		
Horse Racing Ireland	(45,032)	(45,830)
Bord na gCon	(11,258)	(11,460)
Balance at 31 December 2012	—	—

**SCHEDULE OF LAND AND BUILDINGS**

<b>County</b>	<b>Property</b>	<b>Area (Hectares)</b>
Cavan	Forest plot, Kingscourt	0.3
Cavan	Lands, Teagasc College, Ballyhaise	17.0
Cork	Blood testing laboratory, Model Farm Road	—
Cork	Dairy science laboratory, Model Farm Road	—
Cork	Forest plot, Ballyhooley	1.0
Cork	Forest plot, Ballyhoura	1.6
Cork	Forest plot, Ballynoe	29.7
Cork	Forest plot, Bandon	1.4
Cork	Forest plot, Doneraile	1.1
Cork	Forest plot, Dunmanway	0.8
Cork	Forest plot, Glengarriff	5.0
Cork	Forest plot, Killavullen	0.1
Cork	Forest plot, Killeagh	7.0
Cork	Forest plot, Kilworth	0.8
Cork	Forest plot, Kinalea	7.5
Cork	Forest plot, Newmarket	1.5
Cork	Forest plot, Rathluirc	1.5
Cork	Forest plots, Banteer	7.0
Cork	Forest plots, Duhallow	5.5
Cork	Forest plots, Roscarberry	11.0
Cork	Lands, Model Farm Road	4.0
Cork	Regional veterinary laboratory, Model Farm Road	—
Donegal	Forest plot, Ardara	6.5
Donegal	Forest plot, Dowra	107.3
Donegal	Forest plot, Gweebarra	1.8
Donegal	Forest plots, Killygordon	0.6
Donegal	Forest plots, Letterkenny	0.3
Donegal	Forest plots, Lough Hill	13.5
Donegal	Forest plots, Meenirroy	1.5
Donegal	Potato testing centre, Raphoe	78.0
Donegal	Potato testing laboratory, Raphoe	—
Galway	Forest plot, Ballygar	0.5
Galway	Forest plot, Oughterard	7.0
Galway	Lands, Teagasc College, Athenry	59.0
Kerry	Forest plot, Killarney	1.0
Kerry	Forest plots, Killorglin	13.0
Kildare	Forest plot, Donadea	0.1
Kildare	Forest plots, Athy	3.5
Kildare	Lands, Backweston	113.0
Kildare	Stacumny Cottage, Backweston	—
Kildare	Testing Centre, Backweston	—
Kilkenny	Forest plots, Castlecomer	2.6
Kilkenny	Forest plots, Knocktopher	1.3
Kilkenny	Lands, Kildalton College, Piltown	18.0
Laois	Forest plot, Ballyfin	2.2
Laois	Forest plot, Durrow	2.2
Leitrim	Forest plot, Glenfarne	11.0
Limerick	Forest plot, Broadford	2.7
Limerick	Forest plot, Foynes	1.8
Limerick	Forest plots, Adare	3.0
Limerick	Forest plots, Kilfinane	9.9
Mayo	Forest plot, Foxford	3.0
Roscommon	Forest plot, Lough Key	16.0

**SCHEDULE OF LAND AND BUILDINGS**

<b>County</b>	<b>Property</b>	<b>Area (Hectares)</b>
Sligo	Forest plot, Beltra	141.0
Sligo	Forest plot, Manorhamilton	2.0
Sligo	Forest plots, Benbulbin	5.9
Sligo	Forest plots, Collooney	1.3
Tipperary	Forest plot, Clogheen	1.3
Tipperary	Forest plot, Clonmel	3.2
Tipperary	Forest plot, Kilsheelan	0.9
Tipperary	Forest plot, Neir	2.8
Tipperary	Forest plot, Rear Cross	0.5
Tipperary	Forest plots, Carrick-on-Suir	4.0
Waterford	Forest plot, Curraghmore	0.6
Waterford	Forest plots, Kilmacthomas	17.5
Westmeath	Forest plot, Lough Ennel	14.5
Westmeath	Forest plots, Castlepollard	1.0
Wexford	Forest plot, Gorey	11.1
Wexford	Forest plot, Killane	0.4
Wexford	Forest plots, Forth	15.3
Wicklow	Forest plot, Ballinahinch	60.7
Wicklow	Forest plot, Cloghleagh	1.4
Wicklow	Forest plot, Enniskerry	1.0
Wicklow	Forest plot, Wicklow	3.7
Wicklow	Forest plots, Aughavannagh	0.8
Wicklow	Forest plots, Avonmore	1.0
Wicklow	Forest plots, Glendalough	5.1
Wicklow	Forest plots, Glen of Imaal	6.1
Wicklow	Forest plots, Shelton	2.6

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.

The Minister, as successor to the Irish Land Commission, had 414 hectares of non-agricultural land on hand at 31 December 2012.

186 acres of land valued at €6.1m were transferred to the National Sports Campus Development Authority in the year.

In 2012 the Department sold two properties in Kildare and Tipperary for a total of €245,378 (note 4.2).