

Appropriation Account 2015

Vote 30

Agriculture, Food and the Marine

Introduction

As Accounting Officer for Vote 30, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2015 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 and for the payment of certain grants under cash-limited schemes and the remediation of Haulbowline Island.

The expenditure outturn is compared with the sums

- (a) granted by Dáil Éireann under the Appropriation Act 2015, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- (b) provided for capital supply services in 2015 out of unspent 2014 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €56.62 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 7 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts 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 Integrated Forestry Management System (IFORIS) and Integrated Fisheries Information System (IFIS) software is depreciated at 20%.

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 ensures that there is appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. 34 contracts, each relating to payments in excess of €25,000 with a total value of €1.71 million, were undertaken without a competitive process and were listed in my 2015 annual return in respect of Circular 40/2002. Procedures are in place to ensure purchases without competitive processes are assessed to determine whether competitive processes are required.

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 System.

The Accreditation Review Group, which is chaired by me, reviews EU audit findings and monitors progress in addressing identified control issues and in meeting the accreditation requirements laid down by regulation for EU paying agencies.

The Department is subject to a range of audits by the Comptroller and Auditor General, the Internal Audit Unit, the EU Court of Auditors, the EU Commission and by an independent certifying body - a professional accountancy firm - which certifies the annual EAGF and EAFRD accounts. In 2015 the Department was subject to approximately 2,276 audit person days by these bodies. I provided a management declaration to the certifying body for the EU annual accounts as required by Council Regulation 1360/2013.

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.

Shared services

I have fulfilled my responsibilities in relation to the requirements of the service management agreement between this Department and the National Shared Service Office for the provision of human resources shared service.

I rely on a Letter of Assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to this Department.

Aidan O'Driscoll
Accounting Officer
Department of Agriculture, Food and the Marine

24 March 2016

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 2015 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, and 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 by his Department and for the regularity and propriety of all transactions in the appropriation account.

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 each year, a report 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 the Department of Public Expenditure and Reform's *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 2015.

I have obtained all the information and explanations I considered necessary for the purposes of my audit. In my opinion, adequate accounting records have been kept by the Department of Agriculture, Food and the Marine. The appropriation account is in agreement with the accounting records.

Reporting on matters arising from audit

Chapter 7 of my report on the accounts of the public services for 2015 refers to certain other matters relating to Vote 30 Department of Agriculture, Food and the Marine.

Seamus McCarthy

Comptroller and Auditor General

28 September 2016

Vote 30 Agriculture, Food and the Marine Appropriation Account 2015

	Estimate provision		2015	2014
			Outturn	Outturn
	€000	€000	€000	€000
Programme expenditure				
A	Agri-food policy, development and trade			
	<i>Original</i>	410,676		
	<i>Supplementary</i>	<u>(10,860)</u>	399,816	387,177
				343,028
B	Food safety, animal health and welfare and plant health			
	<i>Original</i>	204,002		
	<i>Supplementary</i>	<u>(6,090)</u>	197,912	196,355
				199,698
C	Rural economy, environment and structural changes			
	<i>Current year provision</i>	386,779		
	<i>Supplementary</i>	<u>(8,750)</u>		
	<i>Deferred surrender</i>	18,000	396,029	355,045
				415,839
D	Direct payments			
	<i>Original</i>	240,611		
	<i>Supplementary</i>	<u>90,700</u>	331,311	326,063
				232,895
Gross expenditure				
	<i>Current year provision</i>	1,242,068		
	<i>Deferred surrender</i>	18,000		
	<i>Supplementary</i>	<u>65,000</u>		
			1,325,068	1,264,640
				1,191,460
Deduct				
E	Appropriations-in-aid			
	<i>Original</i>	469,489		
	<i>Supplementary</i>	<u>(39,000)</u>	430,489	438,683
				71,220
Net expenditure				
	<i>Current year provision</i>	772,579		
	<i>Deferred surrender</i>	18,000		
	<i>Supplementary</i>	<u>104,000</u>		
			894,579	825,957
				1,120,240

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.

	2015	2014
	€	€
Surplus	68,622,477	31,663,091
Deferred surrender	(12,000,000)	(18,000,000)
Surplus to be surrendered	<u>56,622,477</u>	<u>13,663,091</u>

Analysis of administration expenditure

		2015		2014
		Estimate	Outturn	Outturn
		provision		
		€000	€000	€000
i	Salaries, wages and allowances	167,732	165,980	164,179
ii	Travel and subsistence	6,909	6,971	6,995
iii	Training and development and incidental expenses	3,663	5,448	2,952
iv	Postal and telecommunications services	4,501	4,553	4,076
v	Office equipment and external IT services	21,600	24,590	23,493
vi	Office premises expenses	5,798	6,112	5,942
vii	Consultancy services and value for money and policy reviews	36	108	179
viii	Supplementary measures to protect the financial interests of the EU	1,352	597	536
ix	Laboratory services	5,800	5,733	4,777
x	EU Presidency	—	—	16
		<u>217,391</u>	<u>220,092</u>	<u>213,145</u>

Notes to the Appropriation Account

1 Operating Cost Statement 2015

	2015	2014
	€000	€000
Programme cost	1,044,548	978,315
Pay	165,980	164,179
Non pay	54,112	48,966
Gross expenditure	1,264,640	1,191,460
<i>Deduct</i>		
Appropriations-in-aid	438,683	71,220
Net expenditure	825,957	1,120,240
Changes in capital assets		
Purchases cash	(4,679)	
Depreciation	4,454	
Loss on disposals	12	(765)
Changes in net current assets		
Increase in closing accruals	45,659	
Decrease in stock	1,327	
	46,986	(175,920)
Direct expenditure	872,730	943,555
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	67,099	64,171
Notional rents	7,200	6,676
Net programme cost	947,029	1,014,402

1.1 Net Allied Services Expenditure

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

	2015	2014
	€000	€000
Vote 9 Office of the Revenue Commissioners	e 59	—
Vote 12 Superannuation and Retired Allowances	61,889	59,967
Vote 13 Office of Public Works	4,850	3,896
Central Fund - ministerial pensions	301	308
	67,099	64,171

'e' indicates that the number is an estimated value or an apportioned cost.

2 Balance Sheet as at 31 December 2015

	Note	2015 €000	2014 €000
Capital assets	2.2	13,197	12,984
Current assets			
Bank and cash	2.3	34,296	23,529
Stocks	2.4	2,503	3,830
Prepayments		2,196	2,392
Accrued income:			
EAFRD funding due from the EU		129,983	181,000
Other amounts due from the EU		515	550
Scheme overpayments	6.3	3,254	3,022
Due from services		8,724	7,030
Other debit balances	2.5	2,498	9,911
Total current assets		183,969	231,264
Less current liabilities			
Accrued expenses		4,176	7,839
Other credit balances	2.6	21,228	9,579
Net liability to the Exchequer	2.7	15,566	23,861
Total current liabilities		40,970	41,279
Net current assets		142,999	189,985
Net assets		156,196	202,969
Represented by:			
State funding account	2.1	156,196	202,969

2.1 State Funding Account	Note	2015 €000	2014 €000
Balance at 1 January		202,969	26,284
Disbursements from the Vote			
Estimate provision	Account	790,579	
Net supplementary	Account	104,000	
Deferred surrender	Account	(12,000)	
Surplus to be surrendered	Account	(56,622)	
Net vote		825,957	1,120,240
Expenditure (cash) borne elsewhere	1	67,099	64,171
Non cash expenditure – notional rent	1	7,200	6,676
Net programme cost	1	(947,029)	(1,014,402)
Balance at 31 December		156,196	202,969

2.2 Capital Assets

	Office equipment/ other machinery €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2015	227,120	14,084	241,204
Additions	4,632	47	4,679
Disposals	(727)	—	(727)
Cost or valuation at 31 December 2015	<u>231,025</u>	<u>14,131</u>	<u>245,156</u>
Accumulated depreciation			
Opening balance at 1 January 2015	215,057	13,163	228,220
Depreciation for the year	4,178	276	4,454
Depreciation on disposals	(715)	—	(715)
Cumulative depreciation at 31 December 2015	<u>218,520</u>	<u>13,439</u>	<u>231,959</u>
Net assets at 31 December 2015	<u>12,505</u>	<u>692</u>	<u>13,197</u>
Net assets at 31 December 2014	<u>12,063</u>	<u>921</u>	<u>12,984</u>

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.

2.3 Bank and Cash

at 31 December	2015 €000	2014 €000
PMG balances	32,950	19,438
Commercial bank balances	1,427	4,172
Orders outstanding	(81)	(81)
	<u>34,296</u>	<u>23,529</u>

2.4 Stocks

at 31 December	2015 €000	2014 €000
Laboratory supplies and chemicals	453	539
Stationery supplies	111	152
Computer supplies	44	25
Veterinary supplies	1,427	2,704
Livestock	324	306
Agricultural stock	99	73
Cleaning supplies	20	14
Oil stocks	25	17
	<u>2,503</u>	<u>3,830</u>

2.5 Other Debit Balances

at 31 December	2015	2014
	€000	€000
Imprests and recoupable travel costs	143	175
Department of Finance recoupable gratuities and retirement lump sums	1	2
Advance payments to OPW	1,124	998
Due from local authorities in respect of harbour development	66	66
Amount recoupable from EU	—	5,642
Salary advances from Exchequer	428	2,873
Other	736	155
	<u>2,498</u>	<u>9,911</u>

2.6 Other Credit Balances

at 31 December	2015	2014
	€000	€000
Amounts due to the State		
Withholding Tax	943	747
Value Added Tax	1,023	527
Relevant Contracts Tax	24	3
Superannuation	17	5
VAT on Sales	258	88
Local Property Tax	12	11
Extra Exchequer Receipts	206	54
	<u>2,483</u>	<u>1,435</u>
Securities	302	208
Milk quota sales and levies	550	550
Pesticides licensing fees	734	1,122
EU advances	9,386	5,917
Beef data and genomics scheme	3,828	—
Miscellaneous ¹	3,945	347
	<u>21,228</u>	<u>9,579</u>

¹ The Department's accounting system has functionality which allows for inter company general ledger postings between the reporting entities within its remit. In addition to the Vote, these include the EU EAGF and EAFRD Accounts, and the Fishery Harbour Centres Account. These debtor/creditor balances are captured in control accounts in the balance sheet and are settled at the PMG on the next working day.

2.7 Net Liability to the Exchequer at 31 December	2015 €000	2014 €000
Surplus to be surrendered	56,622	13,663
Deferred surrender	12,000	18,000
Exchequer grant undrawn	(53,056)	(7,802)
Net liability to the Exchequer	<u>15,566</u>	<u>23,861</u>

Represented by:**Debtors**

Bank and cash	34,296	23,529
Debit balances: suspense	2,498	9,911
	<u>36,794</u>	<u>33,440</u>

Creditors

Due to State	(2,483)	(1,435)
Credit balances: suspense	(18,745)	(8,144)
	<u>(21,228)</u>	<u>(9,579)</u>

	<u>15,566</u>	<u>23,861</u>
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2.8 Commitments

at 31 December

	Due 2016	Subsequent years	2015 Total	2014 Total
	€000	€000	€000	€000
(a) Procurement	16,341	9,274	25,615	25,185
(b) Grants				
Capital investment grants	10,523	—	10,523	15,420
Food research	12,947	38,997	51,944	64,318
Afforestation	100,810	582,875	683,685	729,868
Bioenergy	—	—	—	192
Grants to the organic sector	11,481	44,000	55,481	16,339
Farm Improvement Scheme	9,916	1,640	11,556	31,119
Early Retirement Scheme	5,016	5,677	10,693	19,479
Rural Environment Protection Scheme	2,382	—	2,382	32,233
Agri Environment Options Scheme	50,255	29,660	79,915	185,500
Horticulture Scheme	764	—	764	335
Beef Data Genomics Programme	51,000	187,000	238,000	—
Animal Health Ireland	500	500	1,000	1,500
On Farm Market Valuation	180	—	180	115
Green Low-Carbon Ag-Environment Scheme	190,580	719,840	910,420	—
Total of legally enforceable commitments	<u>462,695</u>	<u>1,619,463</u>	<u>2,082,158</u>	<u>1,121,603</u>

Significant variations

An explanation is provided below where multi-annual commitments increases/(decreased) by more than €500,000 from 2014 to 2015.

Description	Amount of increase/(decrease) €000	Explanation
Capital investment grants	(4,897)	The commitment figure is progressing as profiled, with a lower take up in the 2016 round of awards.
Food research	(12,374)	The decrease in commitments is as a result of the completion of a number of research projects in 2015 where savings were made on original awards and revised budgets on other ongoing projects.
Afforestation	(46,183)	Forestry commitments may extend over 20 years and a refinement in the method of calculating these commitments resulted in a decrease in assessment of the total commitments.
Grants to the organic sector	39,142	The Organic Farming Scheme reopened at the end of 2015 for additional 2016 applications and is now full.
Farm Improvement Scheme	(19,563)	Scheme is closed and commitments are winding down as profiled.
Early Retirement Scheme	(8,786)	The expenditure for ERS is decreasing each year as the scheme has been closed to new applicants since 2008. There has been no increase in payments to ERS participants and people are leaving the scheme each month, usually as their 10 year participation period ends.
Rural Environment Protection Scheme	(29,851)	Scheme is closed with decreasing residual commitments remaining only.
Agri Environment Options Scheme	(105,585)	The total Commitment declared is for the duration of the AEOS schemes, which are closed to new entrants. Applicants are also transferring to new GLAS scheme resulting in the downward revision of AEOS commitments.
Beef Data Genomics Programme	238,000	New scheme to improve the genetic merit of the national beef herd through collection of data and genotypes of selected animals. The scheme will run to 2020.
Animal Health Ireland	(500)	Grant is progressing as profiled.
Green Low-Carbon Ag-Environment Scheme	910,420	GLAS is the new multi-annual agri-environment scheme, which is part of the Rural Development Programme.

3 Programme Expenditure by Subhead

		2015		2014
		Estimate	Outturn	Outturn
		provision	€000	€000
		€000	€000	€000
A	Agri-Food Policy, Development and Trade			
A.1	Administration – pay	16,504	16,331	16,154
A.2	Administration - non pay	4,296	4,666	4,119
A.3	Research and training	27,983	24,561	25,908
A.4	Development of agriculture and food	10,436	9,850	9,718
A.5	Teagasc - for general expenses			
	<i>Original</i>	113,839		
	<i>Supplementary</i>	(2,700)		
		111,139	111,139	108,710
A.6	An Bord Bia - for general expenses			
	<i>Original</i>	32,944		
	<i>Supplementary</i>	(1,200)		
		31,744	30,836	27,282
A.7	Marine Institute	26,621	26,301	23,479
A.8	Bord Iascaigh Mhara	19,016	19,016	18,234
A.9	Food aid donations - World Food Programme			
	<i>Original</i>	9,960		
	<i>Supplementary</i>	10,040		
		20,000	20,000	9,960
A.10	Other services	28,077	21,056	23,493
A.11	Horse and Greyhound Racing Fund	68,000	68,000	54,220
A.12	Beef data and genomics scheme			
	<i>Original</i>	52,000		
	<i>Supplementary</i>	(17,000)		
		35,000	34,692	21,751
A.13	Cedra Rural Innovation and Development Fund	1,000	729	—
		399,816	387,177	343,028

Significant variations

Overall, the gross expenditure in relation to Programme A was €12.64 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Research and training	3,422	Research projects are normally 3-5 years in duration and it is difficult to anticipate expenditure as payments are dependent on satisfactory progress, which was less than anticipated.
Development of agriculture and food	586	Savings arose as some remaining marketing and processing investment projects under the 2008 round were not completed by year end. Also, fewer claims were received under the Food Competitiveness Fund in 2015 than originally anticipated.

Description	Less/ (more) than provided €000	Explanation
An Bord Bia –for general expenses	2,108	The underspend is due to fewer retirements than projected , possibly due to changes in the Grace Period rule and hence lower pension and lump-sum costs incurred.
Food aid donations- World Food Programme	(10,040)	Government decision to double the previous commitment of €10m to World Food Programme as part of its response to the refugee crisis.
Other services	7,021	€2,500,000 has been deferred because there was no expenditure due on the Johnstown Castle remediation project before year end. There were also savings because fewer legal cases than expected were settled during the year and less applications processed to payment stage than anticipated under the Beef and Sheep Technology Adoption Programmes.
Beef data & genomics scheme	17,308	Underspend in first year of 6 year programme as full requirements could not be confirmed for some participants until after latest date for payment in 2015 (Payments to be made in early 2016).
Cedra Rural Innovation and Development Fund	271	Approved works were not fully completed within the timeframe leading to an under spend from the Fund.

		2015		2014
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Food Safety, Animal Health and Welfare and Plant Health			
B.1	Administration - pay	94,192	93,209	92,197
B.2	Administration - non pay	28,255	30,860	28,082
B.3	Food safety (and public health), animal health and welfare and plant health			
	<i>Original</i>	81,555		
	<i>Supplementary</i>	(6,090)	72,286	79,419
		197,912	196,355	199,698

Significant variations

Overall, the gross expenditure in relation to Programme B was €1.56 million lower than provided.

Description	Less/ (more) than provided	Explanation
	€000	
Food safety (and public health), animal health and welfare and plant health	9,269	Improved situation on TB and brucellosis reduced the spend on fees and farmer compensation. Improved horse welfare reduces spend on specific Control of Horses actions. The allocation for B3 was reduced by €6m in the supplementary as this was considered to be the amount which could be prudently taken from this sub head in view of the spend up to end October and usual spend patterns in the last quarter. The relatively positive conditions continued right to the year end so there were further savings. €95,000 has been deferred due to lower demand for capital part of urban horse scheme.

		2015		2014
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Rural Economy, Environment and Structural Changes			
C.1	Administration – pay		34,496	34,135
C.2	Administration - non pay		9,168	9,962
C.3	Agri-environment schemes		150,550	131,232
C.4	Land mobility (early retirement/ installation aid schemes)			
	<i>Original</i>	8,144		
	<i>Supplementary</i>	(750)	7,394	7,143
C.5	Development of agriculture and food			10,523
	<i>Original</i>	40,805		
	<i>Supplementary</i>	(3,500)	37,305	30,616
C.6	Forestry and bioenergy			
	<i>Current year provision</i>	93,581		
	<i>Deferred surrender</i>	18,000	111,581	104,145
C.7	Fisheries			
	<i>Original</i>	29,350		
	<i>Supplementary</i>	(3,600)	25,750	23,095
C.8	Sea Fisheries Protection Authority		11,260	10,580
C.9	Other services			
	<i>Original</i>	1,425		
	<i>Supplementary</i>	(900)	525	465
C.10	Haulbowline remediation project		8,000	3,672
			396,029	355,045
				415,839

Significant variations

Overall, the gross expenditure in relation to Programme C was €40.98 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Agri-environment schemes	19,318	The variation from estimate arose as more applications under the rural environment protection scheme were cleared and paid at the end of 2014, earlier than originally provided for in the current year's estimate. In addition there were savings under GLAS as the payments made to applicants was less than originally estimated, but these savings were partially offset by more applications under the agri environmental options scheme being approved for payment than expected.
Land mobility (early retirement/installation aid schemes)	1,001	Lower expenditure than estimated is largely due to Early Retirement Scheme participants receiving more state retirement pension than projected. (This reduces the ERS payment by corresponding amount).

Description	Less/ (more) than provided €000	Explanation
Development of agriculture and food	10,189	Expenditure under the sheep handling, sow housing and rainwater harvesting schemes was less than estimated as farmers have two years to complete works approved and it is difficult to determine the year payment will occur. Also, claims under the farm safety scheme launched in October 2014 did not mature at the rate expected.
Forestry and bioenergy	7,436	€7,227,000 has been deferred due to savings resulting mainly from the afforestation scheme being demand led and dependent on applications being made on time and also there were savings as the number of applications for the Forest Road Scheme was less than anticipated due to issues with grant of planning permission of forest road entrances on to public roads.
Fisheries	6,255	The savings arose mainly due to the late adoption of the Seafood Development Programme in December, which was partly offset by a higher level of capital expenditure on fishery harbours than originally estimated during the year.
Sea Fisheries Protection Authority	680	€350,000 was deferred due to the delay in the start of an office accommodation project. There were savings as a result of a delay in appointing additional staff provided for in the original estimate.
Other Services	960	As the work on the establishment of the National Rural Network were not completed by end 2015, expenditure under the RDP Technical Assistance allocation was substantially lower than expected.
Haulbowline remediation project	4,328	€4,328,000 was deferred due to the savings which arose as work during 2015 concentrated on the completion of the extensive infrastructural elements and the more costly core 'clean up' phase did not commence because a Government decision in May 2015 significantly extended the scope of the project, introducing a 'whole of Island' approach.

		2015		2014
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D	Direct Payments			
D.1	Administration – pay		22,540	22,305
D.2	Administration - non pay		7,940	8,624
D.3	Income and market supports			
	<i>Original</i>	15,034		
	<i>Supplementary</i>	78,700	93,734	89,156
D.4	Income support in disadvantaged areas			
	<i>Original</i>	195,000		
	<i>Supplementary</i>	12,000	207,000	205,906
D.5	Other services		97	72
			331,311	326,063
				232,895

Significant variations

Overall, the gross expenditure in relation to Programme D was €5.25 million lower than provided.

Description	Less/ (more) than provided €000	Explanation
Income and Market Supports	(74,122)	In addition to €65 million of extra funding for the EU disallowance, the supplementary estimate made provision of €13.7 million for market volatility payments, as well as an additional provision of €12 million for the Area of Natural Constraints scheme (ANC). These were funded by savings in other parts of the vote. The market volatility payment arose as a package of support measures for the livestock sectors was agreed by the Council of Agriculture Ministers and Ireland's allocation was €13.7 million. The relevant EU Regulation allowed Member States to supplement the allocation by up to 100% i.e. in Ireland's case an additional €13.7 million of funding.
Income support in disadvantaged areas	(10,906)	The supplementary estimate was to cover payments to farmers which relate to previous years disadvantage area schemes. Also the introduction in 2015 of the new islands category within disadvantaged schemes also had to be incorporated. The total cost of previous year's Less Favoured Areas (LFA) Scheme applications cleared for payment in 2015 plus the payments made in respect of the 2015 Area of Natural Constraint Scheme (LFA successor scheme) exceeded the original allocation therefore funds re-allocated by way of the supplementary estimate were required and expended accordingly.

4 Receipts

4.1 Appropriations-in-aid

	Subhead	2015		2014	
		Estimated €000	Realised €000	Realised €000	
ADMINISTRATION					
1.	Recoupment of salaries, etc. of officers on loan to outside bodies		651	617	538
2.	Forfeited deposits and securities under EU intervention, export refund, etc. arrangements		1	32	990
3.	Refunds from veterinary fees for inspection services at poultry and other meat plants	B.3	14,816	18,171	16,845
4.	Receipts from veterinary inspection fees for live exports	B.3	997	924	1,005
5.	Receipts from fees for dairy premises inspection services	B.3	5,000	6,459	5,688
OTHER SERVICES					
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	800	698	840
7.	Receipts from seed testing fees, certification fees, licensing fees, pesticides, registration fees, etc. and receipts from Backweston Farm	A.3	1,903	2,404	3,748
8.	Receipts from farmer contributions towards the cost of eradicating bovine disease	B.3	5,000	6,528	6,671
9.	Land Commission receipts		5	889	497
10.	Other receipts		1,314	2,071	1,628
RECEIPTS FROM EU UNDER EAGGF GUARANTEE REGULATIONS					
11.	Market intervention expenses and financing costs for other FEOGA (Guarantee) section measures	D.3	100	20	—
12.	Intervention stock losses, etc	D.3 D.5	1	1,098	1,366
13.	EAFRD (European Agricultural Fund for Rural Development)	C.3 C.4 C.5 D.4			
		<i>Original</i>	394,332		
		<i>Supplementary</i>	<u>(39,000)</u>		
14.	Veterinary Fund	B.3	355,332	363,576	—
15.	Other Guarantee receipts from EU (Agriculture)	D.3 D.5	1,506	1,654	1,029
16.	Receipts from EU under EAGGF Guarantee Regulations	D.3	—	—	12
RECEIPTS FROM EU UNDER STRUCTURAL REGULATIONS					
17.	Proceeds of fines and forfeitures in respect of sea fisheries	C.7	100	775	216
18.	Receipts under the 1933 Foreshore Act and the 1954 State Property Act	C.7	100	78	85
19.	EU recoupment in respect of expenditure on the conservation and management of fisheries	C.7	1	305	2,070

20.	Aquaculture licence fees	C.7	412	340	379
21.	EU EMFF receipts (aquaculture and development)	C.7	6,900	—	—
22.	EFF (Fisheries) 2007-2013	C.7	6,500	2,943	—
23.	Receipts from Sustainable Food Systems Ireland		100	47	—
24.	Receipts from pension-related deduction on public service remuneration		16,950	15,751	15,991
Total			430,489	438,683	71,220

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
Refunds from veterinary fees for inspection services at poultry and other meat plants	(3,355)	The higher than expected receipts were due to increased number of cattle, pigs and poultry slaughtered and also due to more timely payment of outstanding fees.
Receipts from fees for dairy premises inspection services	(1,459)	The volume of milk processed was higher than anticipated due to favourable weather conditions, an increase in the dairy herd and the abolition of milk quotas, leading to an increased high level of fees collected.
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	102	The level of samples submitted to the Department's laboratories is a demand led situation, making accurate estimation of expected receipts difficult. The decrease in the number of samples to the Regional Veterinary Laboratories during the year was more than anticipated.
Receipts from seed testing fees, certification fees, licensing fees, pesticides, registration fees, etc. and receipts from Backweston Farm	(501)	The higher level of receipts than forecast was mainly due to greater activity in pesticide certification and the transfer of fees held in a suspense account.
Receipts from farmer contributions towards the cost of eradicating bovine disease	(1,528)	The increased level of fees received reflected the strong export market of live animals during the year.
Land Commission receipts	(884)	The much higher level of receipts than estimated was due to more active follow up of amounts owed to the Land Commission, purchase money from the sale of a property and earlier payment of some annuity redemptions.

Description	Less/(more) than provided €000	Explanation
Other receipts	(757)	€205,000 relates to surrender of forfeitures in respect of felling licences held in suspense since 2009 and the remaining excess was mainly due to higher staff superannuation deductions from some of the state agencies under this heading and unprecedented demand for pet passports as a result of greater enforcement of controls and awareness of the requirements.
Intervention stock losses, etc	(1,097)	The variance is due to reimbursement received from the EU following clearance of the 2014 EAGF account that was difficult to predict when the estimate was being formulated.
EAFRD (European Agricultural Fund for Rural Development)	30,756	In November, the EU informed the Department that there were insufficient funds available to settle all claims submitted in 2015, but that any remaining balances would be paid in early 2016. The Department sought and received a supplementary estimate for the expected shortfall of €39 million. When the final payment for 2015 was received, the actual shortfall was only €30 million.
Veterinary Fund	(1,303)	The higher level of receipts from estimate was due to an EU decision to reimburse all 2014 eligible expenditure from the Fund.
Other Guarantee receipts from EU (Agriculture)	(148)	Due to larger payments made under the School Fruit Scheme, the amount recouped from the EU Commission was higher than anticipated.
Proceeds of fines and forfeitures in respect of sea fisheries	(675)	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.
EU recoupment in respect of expenditure on the conservation and management of fisheries	(304)	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.
EU EMFF receipts (aquaculture and development)	6,900	The late adoption of the Seafood Development Programme in December meant that no expenditure was recoupable from the EU Commission for 2015.
EFF (Fisheries) 2007-2013	3,557	The final recoupment claim under the Programme was made to the EU Commission too late in the year to be processed before year end.
Receipts from pension-related deduction on public service remuneration	1,199	Due to lengthy delays in the PAS clearance process in respect of new recruits to DAFM, the expected level of PRD receipts was less than originally provided for in the estimate.

4.2 Extra receipts payable to the Exchequer

	2015	2014
	€000	€000
Balance at 1 January	54	—
Surrender of suspense account balances	—	198
Legal expenses	19	16
Bord Bia pension contributions	2	3
Surrender of food processing industry assistance	—	37
Final distribution from liquidated company	—	163
Interest received for overpaid sugar production levies	—	716
Conscience money	1	4
Repayment of redundancy by former employee of the Dublin & Cork Milk Board	13	—
Surrender of sundry receipts	2	—
Surrender of pre-2001 EAGF uncashed cheques	205	—
Transferred to the Exchequer	(90)	(1,083)
Balance at 31 December	<u>206</u>	<u>54</u>

5 Employee Numbers and Pay

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

	2015	2014
Number of staff at year end (full time equivalents)	4,383	4,421
	2015	2014
	€000	€000
Pay	205,241	204,076
Higher, special or additional duties allowance	2,984	2,561
Other allowances	1,174	1,252
Overtime	3,510	3,451
Employer's PRSI	10,871	10,644
Total Pay	223,780	221,984

The allowance, overtime and other remuneration details in note 5.1, 5.2 and note 5.3 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 2015 €	Maximum individual payment 2014 €
Higher, special or additional duties	498	10	20,836	25,827
Other allowances	387	21	19,888	20,686
Overtime	739	93	32,269	31,970
Number of individuals who received extra remuneration in more than one category	348	110	37,693	40,241

5.2 Other Remuneration Arrangements

€1,423,964 in total was paid to 62 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 Public Service Pensions (Single Scheme and Other Provisions) Act 2012.

5.3 Payroll Overpayments

Overpayments at the year end were €551,565 (345 cases) (2014 €500,731 323 cases). Of this, €318,391 (100 cases) have recovery plans in place.

6 Miscellaneous

6.1 EU Funding

Council regulation (EC) No. 1290/2005 introduced the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD). The EAGF fund finances direct payments and market supports while the EAFRD co-finances rural development measures under approved rural development programmes. In May 2015 a new EAFRD Programme 2014-2020 for Ireland was formally adopted by the EU, whilst eligibility of expenditure under the EAFRD 2007-2013 ceased as at 31 December 2015.

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

Programmes C & 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 €68.13 million for EU Funding which has been disallowed due to overclaims on area based schemes.

The Account includes interest of €431,644 paid on short-term borrowings of €677 million borrowed in 2014 to fund EAGF Guarantee expenditure pending recoupment from the EU. The borrowings were repaid in 2015 along with interest.

A total of €599 million in short-term funds were borrowed in 2015 to fund EAGF Guarantee expenditure pending EU recoupment in 2016. These loans are not reflected in Note 2.

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

EAGF Guarantee (measures fully funded by the EU)	2015	2014
	€m	€m
Direct Payment/Single Payment Scheme	1,122	1,178
Grassland Sheep, Dairy Efficiency, Burren Life (EU Reg 73/2009 Article 68 Measures)	11	24
Intervention/Aid to Private Storage	13	—
Other market supports	5	—
Milk superlevy	(71)	(10)
Other	(5)	2
Other programmes (measures co-funded by EU)^a	2015	2014
	€m	€m
Agriculture		
EAFRD Rural Development Programme 2014-2020 ^b	364	—
Veterinary Fund	13	12
Other co-financing receipts	3	2
Fisheries		
FIFG - aquaculture development/fisheries development	—	2
EFF - European Fisheries Fund 2007-2013	3	—
	1,458	1,210

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

^b Under the 2007-2013 EAFRD Programme, 5% of receipts are retained until Programme closure per EU Regulation 1290/2005 Article 24.4, resulting in nil receipts in 2015. Final Annual Accounts for EAFRD 2007-2013 RDP will be submitted by June 30th 2016. Following the final clearance by the EU of the last Certified Annual Account, the 5% retained will be reimbursed.

6.2 GLAS

The Green, Low-Carbon Agri-Environment scheme (GLAS) was introduced in May 2015. A manual system was used to pay the first batch of payments in December 2015 as the IT system supporting the scheme was not yet fully operational. The manual system was deficient which led to overpayments. The Department did not quantify the level of overpayments made. The balance outstanding 31 August 2016 was €168,000. It is expected that the remaining amounts will be recouped before the end of 2016.

6.3 Overpayments

	2015	2014
	€000	€000
Scheme overpayments at 1 January	3,022	4,257
Adjustment for Early Retirement Scheme	(20)	9
Overpayments raised in the year	8,701	6,479
Corrections	(1,070)	(1,221)
Recoveries	(7,016)	(6,424)
Write-offs (note 6.4)	(363)	(78)
Scheme overpayments at 31 December	3,254	3,022

6.4 Write-offs

The following sums were written off in the year:

	2015	2014
	€	€
Schemes:		
Early retirement from farming	7,098	14,260
Afforestation schemes	2,664	43,910
Miscellaneous EU premia and area based schemes	34,207	—
NDP Farm Improvement Scheme	208,664	—
BioEnergy Scheme	90,446	—
Miscellaneous Vote premia	20,368	19,732
	363,447	77,902
Other:		
Veterinary inspection fees unpaid by companies no longer in business	24,531	11,356
Late interest written-off	—	2,232
Other reasons	48	2,465
	24,579	16,053

6.5 Legal costs and Compensation

Legal costs paid during the year are categorised as follows:

				2015	2014	
	Number of cases	Legal costs by the Department €000	Legal costs awarded €000	Compensation awarded €000	Total €000	
Claims by employees of the Vote	183	92	—	793	885	
Claims by members of the public	14	317	—	134	1,316	
		409	—	927	1,336	1,540

For reasons of claimant confidentiality this note is compiled at aggregate level.

6.6 Contingent Liability

The Department is involved in a number of pending legal proceedings which may generate liabilities, depending on the outcome of the litigation. Any actual amount or the timing of potential liabilities is uncertain.

On foot of a Government decision, the Department took charge of the remediation work on the site of Haulbowline from 2012. The future cost of land remediation at this site is not yet known, pending planning permission for a specific scheme for remediation.

6.7 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 2015 was €18.476 million (2014: €8.436 million).

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 2015 was €1.524 million (2014: €1.524 million).

6.8 Ex-Gratia Payments

Ex-gratia payments totalling €2,620,050 were made to 141 animal welfare organisations (2014: €1,892,200).

An ex-gratia payment of €9,252 was made to a serving staff member in respect of a settlement made under the Civil Service Conciliation and Arbitration Scheme.

An ex-gratia payment of €4,000 was made to the Chairperson of the Farm Animal Welfare Advisory Council.

Ex-gratia payments totalling €3,000 were made to three organisations to promote and preserve rare livestock breeds.

An ex-gratia payment of €933 was made to a farmer for emergency animal feed.

Ex-gratia payments totalling €900 were made to Agri-Environment Options Scheme grantees.

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

	2015
	€
Irish Shows Association Ltd	85,000
Macra na Feirme	34,000
Irish Country Womens Association	9,000
Irish Country Markets Ltd	6,000
International Sheep Dog Society	6,000
Agricultural Science Association	4,000
Castlebridge Agriculture & Horticultural Show Committee	750

6.9 Suspected Irregularity

The investigation into suspected inappropriate expenditure is nearing completion in respect of certain payments made under a European Agricultural Fund for Rural Development co-funded agri-environmental scheme. Inappropriate national expenditure in excess of €130,000 has been identified to date and a number of claimants have been excluded from receiving support under the measure for two years.

6.10 Deferred Surrender

Deferred surrender comprises savings of €12 million in capital expenditures in the following subheads.

B.3	Food safety (and public health), animal health and welfare and plant health
C.6	Forestry and bioenergy
C.8	Sea Fisheries Protection Authority
C.10	Haulbowline remediation project

7. Horse and Greyhound Racing Fund

Account of receipts and payments for the year ended 31 December 2015

	2015	2014
	€000	€000
Balance at 1 January	—	—
Receipts (subhead A.11)	68,000	54,220
Payments		
Horse Racing Ireland	54,400	43,376
Bord na gCon	13,600	10,844
Balance at 31 December	<u>—</u>	<u>—</u>

Schedule of Land and Buildings

Property	Area (Hectares)
Cavan	
Lands, Teagasc College, Ballyhaise	17.0
Forest plot, Kingscourt	0.3
Cork	
Haulbowline Island (including bridge and access road)	45.7
Blood testing laboratory, Model Farm Road	—
Dairy science laboratory, Model Farm Road	—
Regional veterinary laboratory, Model Farm Road	—
Lands, Model Farm Road	4.0
Forest plot, Ballyhooley	1.0
Forest plot, Ballyhoura	1.6
Forest plot, Ballynoe	29.7
Forest plot, Bandon	1.4
Forest plot, Doneraile	1.1
Forest plot, Dunmanway	0.8
Forest plot, Killavullen	0.1
Forest plot, Killeagh	7.0
Forest plot, Kilworth	0.8
Forest plot, Newmarket	1.5
Forest plots, Banteer	6.2
Forest plots, Dunhallow	6.5
Forest plots, Kinalea	5.9
Forest plots, Roscarberry	11.0
Donegal	
Potato testing centre, Raphoe	78.0
Potato testing laboratory, Raphoe	—
Forest plot, Ardara	6.5
Forest plot, Letterkenny	0.2
Forest plots, Killygordon	0.4
Dublin	
Forest plot, Killakee	0.7
Galway	
Lands, Teagasc College, Athenry	59.0
Forest plot, Ballygar	0.5
Forest plot, Oughterard	7.0
Kerry	
Forest plot, Kenmare	0.2
Forest plot, Killarney	1.0
Forest plot, Killorglin	28.6
Kildare	
Testing centre, Backweston	—
Stacumny Cottage, Backweston	—
Lands, Backweston	113.0
Forest plot, Athy	2.6
Forest plots, Donadea	0.2
Kilkenny	
Lands, Kildalton Teagasc College, Pilltown	18.0
Laois	
Forest plot, Durrow	2.2

Property	Area (Hectares)
Leitrim	
Forest plot, Glenfarne	11.0
Forest plots, Dowra	107.3
Limerick	
Forest plot, Broadford	2.7
Forest plot, Foynes	1.8
Forest plots, Adare	3.0
Forest plots, Kilfinane	9.9
Longford	
Forest plot, Granard	0.7
Mayo	
Forest plot, Foxford	3.0
Offaly	
Forest plot, Tullamore	2.5
Roscommon	
Forest plots, Lough Key	32.0
Sligo	
Forest plot, Beltra	141.0
Forest plot, Manorhamilton	2.0
Forest plots, Benbulbin	3.8
Forest plots, Collooney	1.3
Forest plots, Lough Gill	12.1
Tipperary	
Forest plot, Clonmel	3.2
Forest plot, Neir	2.8
Forest plot, Rear Cross	0.5
Forest plots, Carrick-on-Suir	4.0
Forest plots, Clogheen	1.3
Forest plots, Kilsheelan	1.9
Waterford	
Forest plots, Kilmacthomas	17.5
Westmeath	
Forest plots, Castlepollard	1.0
Forest plot, Lough Ennel	14.5
Wexford	
Forest plot, Forth	4.8
Forest plots, Gorey	11.1
Wicklow	
Forest plot, Ballinaininch	60.7
Forest plot, Glen of Imaal	3.0
Forest plot, Waterville	59.0
Forest plots, Avonmore	1.0
Forest plots, Enniskerry	4.0
Forest plots, Glendalough	7.6
Forest plots, Saggart	1.4

As successor to the Irish Land Commission, the Minister had a further 11 hectares of agricultural land and 384 hectares of non-agricultural land on hand at 31 December 2015.

Property at Fishery Harbours

In addition, land and buildings at six fishery harbour centres are vested in the Minister. They are accounted for separately in the Fishery Harbours Fund account.