

Appropriation Account 2018

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 2018 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 and subsidies 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 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- b) provided for capital supply services in 2018 out of unspent 2017 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €178.172 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, as set out by the Department of Public Expenditure and Reform in Circular 24 of 2018, have been applied in the preparation of the account with the exception of the following:

Capital assets

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

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.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is, as follows.

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.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

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. This includes the following elements:

- 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.

Non-compliance with procurement rules

The Department ensures that there is an appropriate focus on good practice in procurement and that procedures are in place to ensure compliance with relevant guidelines and legislation. Ninety-nine contracts, with a value of €17,750,729, have been included in the Circular 40/2002 return as they exceed the reporting threshold of €25,000 and were awarded, inter alia, without a competitive process, as follows

- Fifty-two contracts with a spend of €13,848,190 are considered non-competitive but compliant, and relate to services required to ensure the delivery of the Department's policies on food safety, animal/plant health and animal welfare, corporate services including facilities management, IT, franking and mailroom services, contract cleaning, storage for intervention products, plant hire, contract consultancy, lift maintenance in harbour centres and research.
- Forty-seven contracts with a spend of €3,902,539 are considered both non-competitive and non-compliant. In the main, these contracts relate to proprietary laboratory supplies, instances where aggregated expenditure across the Department to the vendor exceeded the relevant threshold, or where the appropriate competitive process was not used. These contracts are currently under review to ensure their compliance through an ex-ante evaluation of future purchases.

It is the policy of this Department to avail of all centrally available frameworks as soon as they come on stream, where appropriate, and to engage with the Office of Government Procurement/Education Procurement Service in relation to more specific requirements.

The Department is adopting a new Procurement Policy and new procurement guidelines to provide practical procedural guidance on procurement. The policy/guidelines will be rolled-out across the Department, and in particular across the group of procurement liaison officers that was established in 2018 to assist with the development and continued implementation of procurement best practice. Additionally, the Central Procurement Unit is now providing on-going procurement training across all work areas and is providing targeted advice in areas where compliance levels offer opportunities for improvement.

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.

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 2018, the Department was subject to approximately 2,300 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 1306/2013.

Risk and control framework

In 2017 an internal audit report of the Department's risk management system found that over time weaknesses had developed in the governance structure surrounding risk management, that the risk database had some technical issues which led to a potential deficiency in control and that the level of activity engaged in risk management and the monitoring of risk management in the Department was below optimum levels.

Significant action had been taken since then in implementing the internal audit report recommendations and this continued during 2018.

- Governance structures have been strengthened by re-establishing the Risk Committee, to meet quarterly and by deploying additional resources to the Risk Management Team (RMT). RMT procedures with regard to risk management have been written.
- DAFM RMT members have been engaging as part of cross-departmental user-group with DPER in designing a SharePoint risk management system - discussions regarding functionality were completed in Q4 2018 and expected testing by focus groups is due to commence before the end of Q1.
- Interim system - the existing risk management system has been completely overhauled to improve functionality and user interface. The interim system has been tested and went live on the 27 September 2018.
- RMT have begun a programme of monitoring risk management activity. Red risks have been reduced via this process of engagement from 26 to 7.
- The Department's Risk Management Policy, incorporating a risk appetite statement was revised and approved at Management Board level on the 10 December 2018.
- Risk management and fraud training was completed by members of the risk management team and also members of the internal audit unit. Training took place in Q4 2018.
- A user manual for the interim system has been completed and the Risk Management Policy and user training will be rolled out to all divisions, beginning Q2 2019.
- A specific 'Brexit' risk category, with associated risk types, has been added to the risk management system.
- The Department's Fraud Policy has been updated and was approved at Management Board level October 2018.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Management Board, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Significant financial risks**a) Brexit**

The UK's decision to leave the EU creates potentially very significant challenges for the agri-food sector, and for the Department. The sector's exposure to the UK market, and the highly integrated nature of Irish/UK supply chains, leaves it particularly vulnerable to the effects of Brexit, given the potential for tariffs on the trade of agri-food products as well as the additional costs and delays that would arise from the imposition of import controls and export certification requirements.

The Department has started incurring costs in relation to Brexit, particularly around IT development and, more recently, the recruitment of additional Brexit related staff. Expenditure around the infrastructure projects are likely to commence later in the year when a government decision will be made on whether all Brexit expenditure will be financed from a central fund or whether OPW will seek to recoup payments from each relevant Department. Other expenditures, emanating from recent Brexit related budgetary support measures, have also commenced, particularly around the contributions to the low cost loan schemes and additional funding for Bord Bia and Teagasc in order to enhance market and product diversification.

b) Weaknesses in control over fixed assets

A dedicated asset management unit was formed in January 2017 and its work to date has identified a number of weaknesses in control over fixed assets. The extent of the over or under valuation of the Department's asset register cannot be determined at this juncture, but as categories of assets are verified by the unit, adjustments will be made in the future to the asset register for assets which cannot be physically located.

Review of effectiveness

I confirm that the Department has procedures to monitor the effectiveness of its risk management and control procedures. The Department's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the department responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2018 that resulted in, or may result in, a material loss.

ICT security

The Department has a strong commitment to the security of its ICT systems. These systems are independently reviewed on a regular basis. Documented back-up/recovery procedures are in place for all critical data, including the use of secure offsite storage services and disaster recovery facilities. The Department has dedicated IT security co-ordination and cyber-security units and is proactive in the development and promotion of information security. 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. In 2016, the Department achieved accreditation under the international standard ISO 27001: Code of Practice for Information Security Management, as the basis for its IT Security. As part of this certification process, the Department has been subject to bi-annual audits to ensure continued compliance with ISO27001:2013 information security standard.

Assurance on shared services

Payroll and human resources functions are provided on a shared services basis by the National Shared Service Office (Vote 18). The Accounting Officer of the National Shared Services Office is responsible for the operation of controls within the Shared Service Centres.

The Accounting Officer for Shared Services has put in place an audit process to provide independent assurance on the operation of controls within shared services. This assurance is a combination of

- a) Internal audit work performed by the National Shared Service Office's Internal Audit Unit, and
- b) Audits conducted by firm(s) of accountants in accordance with the International Standard on Assurance Engagements (ISAE 3402), designed to report to user departments and their auditors on the controls within shared services. These audits encompass (i) a readiness assessment to identify risks and related controls and provide a gap analysis, followed by (ii) a report on the design and existence of controls, and (iii) an annual report on whether controls operated effectively.

The Accounting Officer for Shared Services has provided me with a letter outlining progress in implementing the audit assurance process and the results of the audits on the design, existence and operation of controls are expected to be reported to me as set out in that letter.

I take assurance from the system of control within shared services as reported to me by the Accounting Officer for Shared Services.

Brendan Gleeson
Accounting Officer
Department of Agriculture, Food and the Marine

23 September 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 30 Agriculture, Food and the Marine

Opinion on the appropriation account

I have audited the appropriation account for Vote 30 Agriculture, Food and the Marine for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

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 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Agriculture, Food and the Marine and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

Non-compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that material instances of non-compliance with national procurement rules occurred in respect of contracts that operated in 2018.

Forestry grants

Chapter 10 of my report on the accounts of the public services for 2018 examines progress in implementing the Department's forestry programme.

Seamus McCarthy
Comptroller and Auditor General

23 September 2019

Vote 30 Agriculture, Food and the Marine

Appropriation Account 2018

	€000	2018		2017
		Estimate provision	Outturn	Outturn
	€000	€000	€000	€000
Programme expenditure				
A Food Safety, Animal and Plant Health and Animal Welfare				
<i>Current year provision</i>	225,578			
<i>Supplementary</i>	<u>(2,023)</u>			
		223,555	221,536	204,314
B Farm/Sector Supports and Controls				
<i>Current year provision</i>	798,761			
<i>Supplementary</i>	26,615			
<i>Deferred surrender</i>	<u>23,800</u>			
		849,176	823,173	726,326
C Policy and Strategy				
<i>Current year provision</i>	367,498			
<i>Supplementary</i>	<u>7,991</u>			
		375,489	370,120	338,396
D Seafood Sector				
<i>Current year provision</i>	141,074			
<i>Supplementary</i>	<u>(2,583)</u>			
		138,491	131,424	118,720
Gross expenditure				
<i>Current year provision</i>	1,532,911			
<i>Deferred surrender</i>	23,800			
<i>Supplementary</i>	<u>30,000</u>			
		1,586,711	1,546,253	1,387,756
Deduct				
E Appropriations-in-aid				
<i>Current year provision</i>	282,070			
<i>Supplementary</i>	<u>29,999</u>			
		312,069	471,783	258,905
Net expenditure				
<i>Current year provision</i>	1,250,841			
<i>Deferred surrender</i>	23,800			
<i>Supplementary</i>	<u>1</u>			
		1,274,642	1,074,470	1,128,851

Surplus

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. €22 million of unspent allocations in respect of the capital elements of the Vote was carried forward to 2019.

	2018	2017
	€	€
Surplus	200,171,768	24,007,303
Deferred surrender	(22,000,000)	(23,800,000)
Surplus to be surrendered	<u>178,171,768</u>	<u>207,303</u>

Brendan Gleeson
Accounting Officer
Department of Agriculture, Food and the Marine

23 September 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

	2018	2017
	€000	€000
Programme cost	1,308,711	1,164,295
Pay	172,628	162,511
Non pay	64,914	60,950
Gross expenditure	1,546,253	1,387,756
<i>Deduct</i>		
Appropriations-in-aid	471,783	258,905
Net expenditure	1,074,470	1,128,851
Changes in capital assets		
Purchases cash	(5,041)	
Gain on disposals	(37)	
Disposals cash	40	
Depreciation	4,143	
	(895)	(700)
Changes in net current assets		
Increase in closing accruals	61,793	
Decrease in stock	151	
	61,944	(102,893)
Direct expenditure	1,135,519	1,025,258
Expenditure borne elsewhere		
Notional rents	7,713	7,373
Net allied services expenditure (note 1.1)	78,064	73,956
Net programme cost	1,221,296	1,106,587

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.

	2018	2017
	€000	€000
Vote 9 Office of the Revenue Commissioners	13	5
Vote 12 Superannuation and Retired Allowances	72,912	69,900
Vote 13 Office of Public Works	4,548	3,385
Vote 18 National Shared Services Office	321	379
Central Fund – ministerial pensions	270	287
	78,064	73,956

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018 €000	2017 €000
Capital assets	2.2	12,408	12,305
Current assets			
Bank and cash	2.3	55,896	(26,846)
Stocks	2.4	2,084	2,235
Prepayments		22,333	12,547
Accrued income:			
EAFRD funding due from the EU		152,227	217,802
Other amounts due from the EU		340	440
Scheme overpayments	6.2	2,281	1,087
Due for services		6,203	6,717
Other debit balances	2.5	960	761
Total current assets		<u>242,324</u>	<u>214,743</u>
Less current liabilities			
Accrued expenses		12,658	6,074
Other credit balances	2.6	25,338	23,203
Net Exchequer funding due	2.7	31,518	(49,288)
Total current liabilities		<u>69,514</u>	<u>(20,011)</u>
Net current assets		<u>172,810</u>	<u>234,754</u>
Net assets		<u>185,218</u>	<u>247,059</u>
Represented by:			
State funding account	2.1	<u>185,218</u>	<u>247,059</u>

2.1 State funding account

	Note	2018	2017
		€000	€000
Balance at 1 January		247,059	143,466
Disbursements from the Vote			
Estimate provision	Account	1,274,642	
Deferred surrender	Account	(22,000)	
Surplus to be surrendered	Account	(178,172)	
Net vote		1,074,470	1,128,851
Expenditure (cash) borne elsewhere	1	78,064	73,956
Non cash items – transferred assets	2.2	(792)	—
Non cash expenditure – notional rent	1	7,713	7,373
Net programme cost	1	(1,221,296)	(1,106,587)
Balance at 31 December		185,218	247,059

2.2 Capital assets^a

	IT equipment	Motor vehicles and other machinery	Furniture and fittings	Office and other equipment	Assets under development	Total
	€000	€000	€000	€000	€000	€000
Gross assets						
Cost or valuation at 1 January 2018	139,732	8,560	14,422	89,300	171	252,185
Additions	2,493	426	159	1,963	—	5,041
Disposals	(1,330)	(136)	—	(413)	—	(1,879)
Transfer to Fishery Harbour Centres Fund ^b	—	(1,924)	—	(1)	—	(1,925)
Brought into use	—	171	—	—	(171)	—
Cost or valuation at 31 December 2018	140,895	7,097	14,581	90,849	—	253,422
Accumulated depreciation						
Opening balance at 1 Jan 2018	134,038	6,595	13,900	85,347	—	239,880
Depreciation for the year	2,141	402	159	1,441	—	4,143
Depreciation on disposals	(1,330)	(133)	—	(413)	—	(1,876)
Transfer to Fishery Harbour Centres Fund ^b	—	(1,132)	—	(1)	—	(1,133)
Cumulative depreciation at 31 December 2018	134,849	5,732	14,059	86,374	—	241,014
Net assets at 31 December 2018	6,046	1,365	522	4,475	—	12,408
Net assets at 31 December 2017	5,694	1,965	522	3,953	171	12,305

Notes ^a All State-owned lands and buildings controlled or managed by the Department do not have valuations. These are listed in appendix A.

^b Assets in the categories of motor vehicles and other machinery, and office and other equipment recorded on the Department's asset register but used by the Fishery Harbour Centres, have been transferred to the asset register of the Fishery Harbour Centres with effect from 1 January 2018.

2.3 Bank and cash

at 31 December	2018	2017
	€000	€000
PMG balances	54,963	(29,330)
Commercial bank balances	933	2,484
	55,896	(26,846)

2.4 Stocks

at 31 December	2018	2017
	€000	€000
Laboratory supplies and chemicals	515	452
Stationery supplies	78	157
Computer supplies	9	47
Veterinary supplies	1,025	1,168
Livestock	284	289
Agricultural stock	137	80
Cleaning supplies	9	6
Oil stocks	27	36
	2,084	2,235

2.5 Other debit balances

at 31 December	2018	2017
	€000	€000
Imprests and recoupable travel costs	180	155
Salary advances	41	52
Advance payments to OPW	669	486
Beef data and genomics scheme	70	68
	960	761

2.6 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Income Tax	2,394	2,337
Pay Related Social Insurance	1,393	1,353
Withholding Tax	1,224	1,193
Value Added Tax	1,662	1,483
Relevant Contracts Tax	—	1
Superannuation	538	476
VAT on Sales	(317)	(62)
Local Property Tax	25	25
Universal Social Charge	517	542
	<u>7,436</u>	<u>7,348</u>
Securities	2,720	233
Milk quota sales and levies	—	539
Pesticides licensing fees	240	562
EU advances	8,672	8,498
Reimbursement due to EU	7	2,205
Miscellaneous	1,312	1,763
Other	4,951	2,055
	<u>25,338</u>	<u>23,203</u>

2.7 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	178,172	207
Deferred surrender	22,000	23,800
Exchequer grant undrawn	(168,654)	(73,295)
Net Exchequer funding due	<u>31,518</u>	<u>(49,288)</u>
Represented by:		
Debtors		
Bank and cash	55,896	(26,846)
Debit balances: suspense	960	761
	<u>56,856</u>	<u>(26,085)</u>
Creditors		
Due to State	(7,436)	(7,348)
Credit balances: suspense	(17,902)	(15,855)
	<u>(25,338)</u>	<u>(23,203)</u>
	<u>31,518</u>	<u>(49,288)</u>

2.8 Commitments

at 31 December	2018	2017
	€000	€000
a) Global commitments		
Procurement of goods and services	118,488	93,251
Grant programmes	857,980	1,201,821
Capital grant programmes	700,202	732,301
Total of legally enforceable commitments	1,676,670	2,027,373

b) Non capital grants

			2018	2017
	Due 2019	Subsequent years	Total	Total
	€000	€000	€000	€000
Food research	17,456	47,907	65,363	55,492
Grants to the organic sector	12,000	22,794	34,794	45,063
Early retirement scheme	330	—	330	1,239
Rural environment protection scheme	168	—	168	205
Agri–environment options scheme	898	—	898	9,878
Beef data genomics programme	49,017	53,121	102,138	159,139
Green, low–carbon agri–environment scheme	207,425	321,441	528,866	784,256
Knowledge transfer	22,000	9,000	31,000	55,200
Locally led schemes – current	11,158	29,682	40,840	24,413
European Maritime and Fisheries Fund – current	3,174	2,485	5,659	3,936
Sheep welfare	18,000	27,360	45,360	63,000
Continuous professional development	67	—	67	—
European innovation partnership	900	1,042	1,942	—
School milk and fruit	111	444	555	—
Total of legally enforceable commitments	342,704	515,276	857,980	1,201,821

c) Capital grants

	2018	2017
	€000	€000
Opening balance	732,301	732,188
Grants paid in year	(184,619)	(137,997)
New commitments	166,137	175,042
Grant decommitments	(13,617)	(36,932)
Closing balance	700,202	732,301

d) Capital programmes

			2018	2017
	Due 2019	Subsequent	Total	Total
	€000	years €000	€000	€000
Capital investment grants	1,612	—	1,612	—
Afforestation	91,419	472,424	563,843	610,902
Targeted agricultural modernisation schemes	70,000	35,358	105,358	95,303
Horticulture scheme	1,744	—	1,744	1,577
Johnstown Castle redevelopment programme	1,020	—	1,020	3,520
Locally led schemes – capital	25	—	25	99
European Maritime and Fisheries Fund – capital	1,000	573	1,573	600
Haulbowline remediation project	2,550	124	2,674	11,000
Fisheries	22,353	—	22,353	9,300
Total of legally enforceable commitments	191,723	508,479	700,202	732,301

Significant variations

An explanation is provided below where multi-annual commitments increased/(decreased) by more than €500,000 from 2017 to 2018.

Description	Amount of increase/(decrease) €000	Explanation
Procurement of goods and services	25,237	Commitments increased due to new information management and technology contracts that commenced in 2018.
Food research	9,871	Commitments increased due to new research awards agreed in 2018.
Grants to the organic sector	(10,269)	Commitments decreased as payments are progressing as profiled and a further tranche of Organic Farming Scheme opened in 2018 increasing commitments by €250,000. A number of cases withdrew/finalised their commitment to the scheme and these savings will be offset by the additional commitment to the new applicants.
Early retirement scheme	(909)	The scheme is closed to new applicants and payments are progressing as profiled.
Agri environment options scheme	(8,980)	The AEOS III scheme was completed in December 2018 and the majority of participants were paid as scheduled. The small numbers of remaining participants are due to be paid in 2019.
Beef data genomics programme	(57,001)	Payments are progressing as profiled, however, based on the current numbers participating in BDGP I and BDGP II the projected commitments until the end of the programmes has been reduced by €8 million.
Green, low-carbon agri-environment scheme	(255,390)	In addition to the scheduled payments, there was a reduction in the number of active participants which combined with reduced average payment rates has contributed to a reduced commitment.

Description	Amount of increase/(decrease) €000	Explanation
Knowledge transfer	(24,200)	Payments are progressing but slower than previously profiled as fewer than anticipated cases were cleared for payment in the initial payment runs. In addition, there were also a number of withdrawals from the scheme.
Locally led schemes - current	16,427	The Hen Harrier project accepted 549 farmers in 2018 on top of the initial 80. The second call of the European Innovation Partnership funding was announced in 2018 with another nine contracts signed totalling just under €10 million. Commitments due under the Burren programme have been reduced.
European Maritime and Fisheries Fund – current	1,723	Profiled spend for 2018 increased from estimate of €1.3 million to €1.7 million due to expenditure on additional projects approved in 2018. Additional approval of schemes in 2018 increased commitments by almost €3.5 million.
Sheep welfare	(17,640)	This scheme commenced in 2017 and the paying down of commitments is progressing as profiled.
Continuous professional development	67	A new scheme under the rural development programme for the upskilling and continuous professional development of facilitators and vets involved in the knowledge transfer programme was opened in 2018.
European innovation partnership	1,942	A new scheme under the rural development programme for new innovative projects was opened in 2018.
School milk and fruit	555	The Department has contracted the University College Dublin to carry out an evaluation of the school milk and fruit scheme up to and including the school year 2022/23.
Capital investment grants	1,612	A capital investment fund for small to medium-sized enterprise food exporters was provided in 2018 which is operated through Enterprise Ireland.
Afforestation	(47,059)	Due to adverse weather conditions in March and drought conditions in the summer only half of the expected planting occurred. Additionally, the changing of assessment and appeals procedures led to a reduced number of approvals issuing.
Targeted agricultural modernisation schemes	10,055	The budget for TAMS II in 2018 was €70 million. €66.7 million was actually spent. This was due to a slightly lower than projected level of claims submitted for payment claims during 2018. At the end of 2018, 17,698 approvals had issued, with 7,710 payment claims received. Of these, 6,747 had been paid by the end of 2018. 6,635 approvals issued in 2018 with a value of €95.87 million.
Johnstown Castle redevelopment programme	(2,500)	Paying down of commitments progressed ahead of schedule during 2018 and the project will be completed as scheduled in 2019.
European Maritime and Fisheries Fund – capital	973	Profiled spend for 2018 on the 2017 projects was as anticipated and a further €250,000 was incurred on schemes approved in 2018. These additional schemes increased commitments by €1.5 million.

Description	Amount of increase/(decrease) €000	Explanation
Haulbowline remediation project	(8,326)	€9.7 million of the €10 million profiled for the year was expended in 2018. A sanction was issued for the completion of the access road, phase II, which increased commitments by €1.375 million for 2019.
Fisheries	13,053	The commitment reflects the recognition of Vote funded capital projects undertaken in 2018 in the Fishery Harbour Centres.

2.9 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 dated 14 June 2011, the Minister took charge of the remediation work on the site of Haulbowline. A further Government decision dated 28 May 2015 approved a total scheme budget of €61 million for the project. The amount of expenditure incurred by the Department for the project up to the end of 2018 is €22.9 million. The most recent projection for completion of the Haulbowline remediation project is 2022.

The Department is aware of a temporary suspension in relation to the implementation of processes and controls under Ireland's EMFF Operational Programme. The Minister is presently engaged in the preparation of primary legislation which will implement a system of points which will apply to the masters of fishing vessels. He is also urgently considering Attorney General advice at present on the separate point system for licence holders.

Ireland is making every effort to comply with the obligations under the EU control regulation to implement these points systems. However, in 2018 the European Commission suspended recoupment payments to Ireland for control and enforcement expenditure and was withholding €6.086 million in suspended payments at year end.

EU Regulations provide that the Commission must release the suspended payments when Ireland becomes fully compliant with the points system requirements.

The Department is aware of a potential sanction in relation to matters identified around controls in the system used to weigh pelagic catches and catches of bluefin tuna. As the Sea Fisheries Protection Authority, which is legally responsible for operational control, is engaged in an ongoing process with the Commission around this matter, the quantum or timing of any potential liabilities, if any, is uncertain.

The Department is also aware of a potential disallowance in relation to certain aspects of the allocation of entitlements under the basic payments scheme. As the Department is engaged in an ongoing formal clearance of accounts process with the Commission, the actual amount or timing of any potential liabilities is uncertain.

Note 3 Vote Expenditure

Analysis of administration expenditure

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances			
	<i>Original</i>	177,115		
	<i>Supplementary</i>	(3,600)		
		173,515	172,628	162,511
ii	Travel and subsistence	7,200	8,624	7,762
iii	Training and development and incidental expenses	5,950	5,102	5,010
iv	Postal and telecommunications services	4,654	4,713	4,023
v	Office equipment and external IT services	35,281	33,599	30,681
vi	Office premises expenses	7,185	5,972	5,862
vii	Consultancy services and value for money and policy reviews	208	129	365
viii	Supplementary measures to protect the financial interests of the EU	852	567	759
ix	Laboratory services	6,100	6,208	6,488
		240,945	237,542	223,461

Significant variations

Administration expenditure has been apportioned across the programmes, to present complete programme costings. The following outlines the reasons for significant variations in administration expenditure (+/- 25% and +/- €100,000).

i Salaries, wages and allowances

Estimate provision: €177.115 million, outturn: €172.628 million

The shortfall in expenditure of €4.487 million relative to the original estimate provision was due to a lower than estimated pay bill caused by a high level of staff turnover and uncertainty around staff retirement.

ii Travel and subsistence

Estimate provision: €7.2 million, outturn: €8.624 million

The increase in expenditure of €1.424 million relative to the estimate provision was due to an increase in work in areas which required increased staff travel.

viii Supplementary measures to protect the financial interests of the EU

Estimate provision: €852,000, outturn: €567,000

The shortfall in expenditure of €285,000 relative to the estimate provision was due to the timing of payments.

Programme A Food Safety, Animal and Plant Health and Animal Welfare

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay			
	<i>Original</i>	99,507		
	<i>Supplementary</i>	<u>(2,023)</u>		
		97,484	96,942	89,808
A.2	Administration – non pay	38,994	37,632	34,329
A.3	Food safety, animal and plant health and animal welfare	87,077	86,962	80,177
		<u>223,555</u>	<u>221,536</u>	<u>204,314</u>

Significant variations

Overall, the net expenditure in relation to Programme A was €4.042 million lower than (originally) provided. The variation of €3.927 million in administration expenditure has already been explained.

Programme B Farm/Sector Support and Controls

		Estimate provision		2018	2017
				Outturn	Outturn
		€000	€000	€000	€000
B.1	Administration – pay				
	<i>Original</i>	53,401			
	<i>Supplementary</i>	(1,085)			
			52,316	52,103	50,035
B.2	Administration – non pay		19,268	18,600	17,253
B.3	Agri-environmental schemes				
	<i>Original</i>	233,820			
	<i>Supplementary</i>	23,000			
			256,820	256,860	224,469
B.4	Areas of natural constraint scheme		227,000	228,666	205,298
B.5	Development of agriculture and food (farm)		77,065	72,510	37,109
B.6	Beef data and genomics programme		49,500	47,451	47,137
B.7	Knowledge transfer		23,000	21,665	13,784
B.8	Animal welfare scheme for sheep		20,000	17,650	15,851
B.9	Early retirement scheme		1,210	830	2,504
B.10	Forestry and bio energy				
	<i>Original</i>	81,926			
	<i>Deferred surrender</i>	23,800			
			105,726	94,509	101,574
B.11	Control and other support scheme costs				
	<i>Original</i>	12,232			
	<i>Supplementary</i>	(2,300)			
			9,932	9,305	10,594
B.12	Other schemes				
	<i>Original</i>	339			
	<i>Supplementary</i>	7,000			
			7,339	3,024	718
			849,176	823,173	726,326

Significant variations

Overall, the net expenditure in relation to Programme B was €612,000 higher than (originally) provided. The variation of €1.966 million in administration expenditure has already been explained. The balance of the variance of €2.578 million was mainly due to the following:

B.3 Agri-environmental schemes

Estimate provision: €233.82 million, outturn: €256.86 million

The increase in expenditure of €23.04 million relative to the original estimate provision was due to a combination of factors.

- The final 2018 GLAS spend was €28.978 million more compared to the original estimate. Payments under the scheme were used to support farmers affected by the fodder crisis. The advance payments were made at a higher rate of 85%, whereas the original estimate was based on an expected 75% payment. Additionally, a number of IT supported procedures were put in place which enabled a higher rate of claims to be processed and this resulted in 4,772 additional advance payments being made compared to 2017.
- An underspend of €7.161 million occurred in the locally led schemes as applications did not clear to payment stage as quickly as anticipated.

B.5 *Development of agriculture and food (farm)*

Estimate provision: €77.065 million, outturn: €72.51 million

The shortfall in expenditure of €4.555 million relative to the estimate provision arose due to a saving of €3.214 million under the TAMS II scheme. This is a demand led scheme with expenditure contingent on work being completed and payment claims being submitted within a year of approval. A further saving of €1.219 million arose under the organics scheme as this is also a demand led scheme with demand in 2018 being lower than estimated.

B.7 *Knowledge transfer*

Estimate provision: €23 million, outturn: €21.665 million

The shortfall in expenditure of €1.335 million relative to the estimate provision was due to the extension to the deadline for submission of data on the knowledge transfer programme from 31 July 2018 to 14 August 2018 which led to delayed commencement of payments for this scheme. In addition, scheme withdrawals and higher than anticipated levels of non-compliance with requirements led to fewer cases being cleared for payment in the initial payment runs for the year.

B.8 *Animal welfare scheme for sheep*

Estimate provision: €20 million, outturn: €17.65 million

The shortfall in expenditure of €2.35 million relative to the estimate provision was due to the original estimate being based on a projected number of participants in the scheme receiving maximum payment under the scheme. The actual expenditure was lower as the actual number of participants in the scheme was lower than originally projected and also reflects reduced payments where applicants failed to maintain the correct number of animals or failed to complete their required actions under the scheme terms and conditions.

B.9 *Early retirement scheme*

Estimate provision: €1.21 million, outturn: €830,000

The shortfall in expenditure of €380,000 relative to the estimate provision was due to a reduction in the number of participants as the scheme winds down.

B.10 *Forestry and bio energy*

Estimate provision: €105.726 million, outturn: €94.509 million

The shortfall in expenditure of €11.217 million relative to the estimate provision was due to a saving of €5.087 million under the afforestation scheme which is demand led with demand down in 2018 due to the severe weather conditions of 2017/2018 followed by extremely dry summer conditions. A further saving of €4.171 million is due to a reduction in applications for the road scheme related to ongoing issues regarding planning permission regulations. The balance of the shortfall in expenditure is mainly due to other schemes starting later than expected with payments deferred to 2019.

B.11 *Control and other support scheme costs*

Estimate provision: €12.232 million, outturn: €9.305 million

The shortfall in expenditure of €2.927 million relative to the estimate provision was due to no intervention stock purchases being made in 2018 and lower than anticipated interest rates giving rise to a saving of €1.084 million in the costs of Intervention and FEOGA borrowings. A further €1.552 million savings arose from Intervention losses as the timing and value of any potential losses are by nature difficult to predict.

B.12 *Other schemes*

Estimate provision: €339,000, outturn: €3.024 million

The increase in expenditure of €2.685 million relative to the original estimate provision was due to emergency fodder transport and import support measures introduced by the Minister in 2018. The supplementary of €7 million was in line with the projected shortfall of fodder as being reported in the media and by Teagasc. However, this was not manifest in the numbers purchasing emergency fodder giving a shortfall compared to the supplementary estimate.

Programme C Policy and Strategy

		2018		2017
		Estimate provision		Outturn
		€000	€000	€000
C.1	Administration – pay			
	<i>Original</i>	15,219		
	<i>Supplementary</i>	(309)		
			14,910	14,827
C.2	Administration – non pay		4,911	4,585
C.3	Research, quality and certification			
	<i>Original</i>	29,533		
	<i>Supplementary</i>	(1,700)		
			27,833	27,747
C.4	Development and promotion of agriculture and food (non farm)			
	<i>Original</i>	20,207		
	<i>Supplementary</i>	(3,600)		
			16,607	8,839
C.5	Teagasc grant		134,582	133,082
C.6	An Bord Bia grant		41,266	40,383
C.7	Horse and Greyhound Racing Fund		80,000	80,000
C.8	Cedra Rural Innovation and Development Fund		1,500	1,501
C.9	Food and donations – World Food Programme			
	<i>Original</i>	—		
	<i>Supplementary</i>	15,000		
			15,000	19,000
C.10	Brexit response loan schemes		25,000	25,000
C.11	Other services			
	<i>Original</i>	15,280		
	<i>Supplementary</i>	(1,400)		
			13,880	15,156
			375,489	370,120
				23,786
				338,396

Significant variations

Overall, the net expenditure in relation to Programme C was €2.622 million lower than (originally) provided. The variation of €718,000 in administration expenditure has already been explained. The balance of the variance of €1.904 million was mainly due to the following:

C.3 Research, quality and certification

Estimate provision: €29.533 million, outturn: €27.747 million

The shortfall in expenditure of €1.786 million relative to the original estimate provision was due to a combination of financial prudence on future liabilities resulting in a reduction in new awards funded, delays in the submission of tranche claims, and delays in subsequent processing of payments.

C.4 Development and promotion of agriculture and food (non farm)

Estimate provision: €20.207 million, outturn: €8.839 million

The shortfall in expenditure of €11.368 million relative to the original estimate provision was due to the following. €1.319 million savings arose as the final claims submitted for beef and sheep grants for market processing were less than estimated. Due to the nature of capital investment projects in terms of the time lag between project approval and completion none of the funds provided for capital investment grants to assist food and drink companies exposed to Brexit was spent in 2018 resulting in a saving of €5.181 million. A further €2.781 million savings arose due to companies re-examining projects in light of Brexit resulting in the project completion rate under the food competitiveness fund initially forecast not being met. An underspend of €2.136 million also occurred under the LEADER food initiative as less projects were approved than planned.

C.9 Food and donations – World Food Programme

Estimate provision: NIL, outturn: €19 million

The increase in expenditure of €19 million relative to the estimate provision was due to the Executive Director of the World Food Programme requesting the Department to consider an early disbursement of €19 million of the 2019 payment. The Department agreed to the early payment of €19 million, with payment being made on 20 December 2018.

Programme D Seafood Sector

		Estimate provision		2018	2017
				Outturn	Outturn
		€000	€000	€000	€000
D.1	Administration – pay				
	<i>Original</i>	8,988			
	<i>Supplementary</i>	(183)			
			8,805	8,756	7,794
D.2	Administration – non pay		4,257	4,097	3,616
D.3	Fisheries		32,963	35,195	27,686
D.4	Marine Institute grant		32,465	32,239	31,332
D.5	Bord Iascaigh Mhara grant				
	<i>Original</i>	39,125			
	<i>Supplementary</i>	(2,400)			
			36,725	31,134	33,462
D.6	Sea Fisheries Protection Authority		13,276	10,302	10,731
D.7	Haulbowline remediation project		10,000	9,701	4,099
			138,491	131,424	118,720

Significant variations

Overall, the net expenditure in relation to Programme D was €9.65 million lower than (originally) provided. The variation of €392,000 in administration expenditure has already been explained. The balance of the variance of €9.258 million was mainly due to the following:

D.3 Fisheries

Estimate provision: €32.963 million, outturn: €35.195 million

The increase in expenditure of €2.232 million relative to the estimate provision was due to the following reasons. Savings of €1.027 million arose in the seafood development programme as there were underspends in investment by the Sea Fisheries Protection Authority concerning control and enforcement of the CFP because of the timing of contractual commitments. There was also a small underspend by the Marine Institute on its marine spatial planning projects, while DAFM spent less than anticipated on technical assistance as a tender for programme evaluation contractors did not proceed in 2018. This was balanced by an increase in expenditure of €3.589 million on Vote qualifying capital projects in the Fisheries Harbours.

D.5 Bord Iascaigh Mhara grant

Estimate provision: €39.125 million, outturn: €31.134 million

The shortfall in expenditure of €7.991 million relative to the original estimate provision was due to the following reasons. A saving of €400,000 arose in pay as the expected Brexit recruitment did not materialise. A saving of €4.946 million arose on non-pay as €2.4 million of the 2018 budget was paid as an early drawdown in 2017, €904,000 of grants/invoices were not paid until 2019 and €1.642 million was saved due to insufficient scheme uptake and unforeseen delays in programme implementation. A saving of €2.645 million in capital arose as core projects did not commence in the year and some grants/invoices were not paid until 2019.

D.6 Sea Fisheries Protection Authority

Estimate provision: €13.276 million outturn: €10.302 million

The shortfall in expenditure of €2.974 million relative to the estimate provision was due to the following reasons. A saving of €1.926 million arose in pay and pensions due to the delay in implementing new structures under delegated sanction due to protracted industrial relations negotiations and fewer than estimated retirements. Non-pay savings of €403,000 arose due to costs savings in following strict procurement guidelines and some planned tenders not commencing until 2019. The planned purchase of vehicles and the construction of a storage shed did not proceed giving rise to capital savings of €645,000.

Note 4 Receipts

4.1 Appropriations-in-aid

	Subhead	2018		2017	
		Estimated €000	Realised €000	Realised €000	
1	Recoupment of salaries, etc. of officers on loan to outside bodies	600	556	378	
2	Forfeited deposits and securities under EU intervention, export refund, etc. arrangements	1	9	179	
3	Refunds from veterinary fees for inspection at poultry and other meat plants	A.3	15,175	19,804	18,665
4	Receipts from veterinary inspection fees for live exports	A.3	701	666	633
5	Receipts from fees for dairy premises inspection services	A.3	5,500	7,405	7,263
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	A.3	670	671	693
7	Receipts from seed testing fees, certification fees, licensing fees, pesticides, registration fees, etc. and receipts from Backweston Farm	C.3	1,903	3,155	3,117
8	Receipts from farmer contributions towards the cost of eradicating bovine disease	A.3	5,500	7,508	6,945
9	Land Commission receipts		345	285	360
10	Other receipts		2,212	2,807	2,204
11	Market intervention expenses and financing costs for other FEOGA (Guarantee) section measures	B.11	975	1,239	1,050
12	Intervention stock losses, etc.	B.11	1	880	1,038
13	EAFRD (European Agricultural Fund for Rural Development)	B.4, B.3, B.5 & B.9			
		<i>Original</i>	210,000		
		<i>Supplementary</i>	29,999		
			239,999	387,280	169,091
14	Veterinary Fund	A.3	10,484	10,274	10,959
15	Other Guarantee receipts from EU (Agriculture)	B.11	1,050	36	1,187
16	Proceeds of fines and forfeitures in respect of sea fisheries	D.3	100	7	87
17	Receipts under the 1933 Foreshore Act and the 1954 State Property Act	D.3	100	151	166
18	EU recoupment in respect of expenditure on the conservation and management of fisheries	D.3	1	—	—
19	Aquaculture licence fees	D.3	412	592	876
20	EU receipts for EMFF	D.3	12,000	13,596	16,725
21	EFF (Fisheries) 2007-2013	D.3	2,200	2,641	5,917
22	Receipts from Sustainable Food Systems Ireland		200	75	26
23	Receipts from pension-related deduction on public service remuneration		11,940	12,146	11,346
	Total		312,069	471,783	258,905

Significant variations

Overall, appropriations-in-aid were €189.713 million greater than the original estimate. Explanations for variances are set out below:

- 3 *Refunds from veterinary fees for inspection services at poultry and other meat plants*
 Estimate provision: €15.175 million, outturn: €19.804 million
 The increase of €4.629 million was due to an increase in slaughter figures in 2018.
- 5 *Receipts from fees for dairy premises inspection services*
 Estimate provision: €5.5 million, outturn: €7.405 million
 The increase of €1.905 million was due to increased milk production following the abolition of the milk quota in 2015.
- 7 *Receipts from seed testing fees, certification fees, licensing fees, pesticides, registration fees, etc. and receipts from Backweston Farm*
 Estimate provision: €1.903 million, outturn: €3.155 million
 The increase of €1.252 million was due to increased registration fees received for plant protection products and biocidal products placed on the national register reflecting a stronger than anticipated level of registrations driven by external commercial interest/demand.
- 8 *Receipts from farmer contributions towards the cost of eradicating bovine disease*
 Estimate provision: €5.5 million, outturn: €7.508 million
 The increase of €2.008 million was due to collection of levies increasing year-on-year since 2015 across all sectors but in particular the milk sector, following the removal of the quota system in 2015.
- 10 *Other receipts*
 Estimate provision: €2.212 million, outturn: €2.807 million
 The increase of €595,000 was due to additional research receipts and pre-financing from EU on various ERA-NET projects, co-funding agreement with EPA, HRB and recoupments on completed projects.
- 11 *Market intervention expenses and financing costs for other FEOGA (Guarantee) section measures*
 Estimate provision: €975,000, outturn: €1.239 million
 The increase of €264,000 was due to the higher than anticipated levels of intervention activity, resulting in a larger than estimated recovery from the EU.
- 12 *Intervention stock losses, etc.*
 Estimate provision: €1,000, outturn: €880,000
 The increase of €879,000 was due to the fact that this provision is based on a percentage retention figure calculated on penalties imposed and collected by the paying agency in relation to certain European Agriculture Guarantee Fund (EAGF) payments. The reimbursement is approved in the annual EAGF account clearance process and the final figure is confirmed in April and repaid in June. Therefore, estimates of reimbursement are difficult to predict.

- 13 *EAFRD (European Agricultural Fund for Rural Development)*
 Estimate provision: €210 million, outturn: €387.28 million
 The increase of €177.28 million was due to an €82.434 million EAFRD receipt expected in December 2017 but which was not received by the Department until January 2018 and is included in 2018 receipts. In addition, an amendment passed in Omnibus legislation 2017/2393 in December 2017 permitted co funded ANC payments of €85.752 million to be paid in September 2018 and received in December 2018 (rather than paid in October 2018 to be received in January 2019 as had been regulation position when estimates made).
- 15 *Other Guarantee receipts from EU (Agriculture)*
 Estimate provision: €1.05 million, outturn: €36,000
 The shortfall of €1.014 million was due to the school fruit scheme being no longer EU funded so the estimated receipts of €1 million did not materialise.
- 19 *Aquaculture licence fees*
 Estimate provision: €412,000, outturn: €592,000
 The increase of €180,000 was due to the difficulty in estimating exactly the amount the Department would receive in respect of licensed aquaculture sites.
- 20 *EU receipts for EMFF*
 Estimate provision: €12 million, outturn: €13.596 million
 The increase of €1.596 million was due to a larger volume of claims than anticipated being submitted for recoupment to the EU.
- 21 *EFF (Fisheries) 2007-2013*
 Estimate provision: €2.2 million, outturn: €2.641 million
 The increase of €441,000 was due to this being the final balance due under the closure process of the EFF Seafood Development Programme 2007-2013.
- 22 *Receipts from Sustainable Food Systems Ireland*
 Estimate provision: €200,000, outturn: €75,000
 The shortfall of €125,000 was due to the requests for payment to the four partner agencies, Teagasc, Bord Bia, Food Safety Authority of Ireland and Enterprise Ireland for their share of 2018 costs only being issued in January 2019.

4.2 Extra receipts payable to the Exchequer

	2018	2017
	€000	€000
Balance at 1 January	—	—
Legal expenses	—	31
Interest on refund of overpaid sugar levies	428	—
Clearance of suspense accounts	550	—
Proceeds of land sale	—	642
Surrender of Vote uncashed cheques	—	72
Surrender of sundry receipts	—	2
Transferred to the Exchequer	(978)	(747)
Balance at 31 December	<u>—</u>	<u>—</u>

Note 5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end	4,696	4,594

5.2 Pay

	2018	2017
	€000	€000
Pay	221,852	210,291
Higher, special or additional duties allowances	1,082	1,326
Other allowances	1,625	2,034
Overtime	3,380	3,606
Shift allowances	562	543
Gratuities payments	117	—
Employer's PRSI	13,253	11,860
Total pay	241,871	229,660

Note The allowances, overtime and other remuneration details in notes 5.3 through to 5.5 below relate to only 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 financial statements or directly from the State bodies concerned.

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018	2017
			€	€
Higher, special or additional duties allowances	87	2	11,932	24,308
Shift allowances	76	19	18,990	20,392
Other allowances	637	6	20,596	18,041
Overtime	769	88	38,893	38,926
Extra remuneration in more than one category	293	120	42,531	41,846

5.4 Other remuneration arrangements

In total €1,148,330 (net) was paid to 68 retired civil servants, in receipt of civil service pensions, who were re-engaged on a fee basis. The principles of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012 apply to these fees.

5.5 Payroll overpayments

Overpayments at the year end were €475,222 (312 individuals) (2017: €467,101; 327 individuals). Of this, €277,398 (77 individuals) had recovery plans in place.

Note 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.

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

Programme B includes 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. Programmes C and D includes expenditure in respect of activities co-financed by the EU through European Maritime Fisheries Fund, 2014-2020 (EMFF). Programme B includes a charge to the Vote of €620,000 for EU Funding which has been disallowed due to late payments on certain schemes.

The account includes interest of €166,397 paid on short-term borrowings of €740 million borrowed in 2017 to fund EAGF Guarantee expenditure pending recoupment from the EU. The borrowings were repaid in 2018 along with interest.

A total of €725 million in short-term funds were borrowed in 2018 to fund EAGF Guarantee expenditure pending EU recoupment in 2019. These loans are reflected in the financial statements of the European Agricultural Fund (EAGF), European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF), Irish operations.

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

	2018	2017
	€m	€m
Direct payment/basic payment scheme	1,208	1,190
Intervention/aid to private storage ^a	19.5	2
Other market supports	4.5	26
Other	(3)	(4)

Co-funded receipts (measures co-funded by EU) ^b

EAFRD Rural Development Programme	387	169
Veterinary fund	10	11
Other co-financing receipts	1	2

Fisheries

EFF – European Fisheries Fund 2007–2013 and EMFF – European Maritime and Fisheries Fund 2014–2018 ^{c,d}	16	23
	<u>1,643</u>	<u>1,419</u>

Notes ^a €17.5 million was as a result of depreciation of skimmed milk powder in stock.

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

^c European Maritime Fisheries Fund (EMFF) receipts of €6 million are currently suspended under Union Priority 3.2 by the EU Commission and are due to release pending compliance of ex-ante conditionality. Therefore, this amount is not included in the figure above.

^d EMFF receipts of €8.672 million are held in a suspense account (EU advances) in accordance with public financial procedures pending the Department meeting the conditions of the EMFF reserve review undertaken in July 2019. Funds will then be released to appropriations-in-aid.

6.2 Overpayments

	2018	2017
	€000	€000
Scheme overpayments at 1 January	1,087	2,556
Adjustment for early retirement scheme	(7)	(35)
Overpayments raised in the year	20,260	8,985
Corrections	(3,355)	(1,065)
Recoveries	(15,522)	(8,680)
Write-offs (note 6.3)	(182)	(674)
Scheme overpayments at 31 December	2,281	1,087

6.3 Write-offs

	2018	2017
	€	€
Schemes overpayments:		
Early retirement from farming	—	30,521
Afforestation schemes	41,758	82,295
Rural environment protection scheme	96,277	406,658
Miscellaneous EU premia and area based schemes	36,391	18,536
Miscellaneous Vote premia	7,965	136,055
	182,391	674,065
Customers:		
Dispute in relation to administration of scheme	14,827	—
Customers no longer trading	18,475	—
Aquaculture licences expired/surrendered and not renewed	28,061	20,167
Veterinary inspection fees unpaid by companies no longer in business	—	502
Other reasons	2,035	5,048
	63,398	25,717

6.4 Compensation and legal costs

Legal cost paid during the year are categorised as follows:

	Number of cases	Legal costs paid by the Department	Compensation awarded	Legal costs awarded	2018 Total	2017 Total
		€000	€000	€000	€000	€000
Claims by: employees of the Department	14	46	223	143	412	238
Claims by members of the public	16	2	270	569	841	2,212
		48	493	712	1,253	2,450

6.5 Food aid donations

The World Food Programme – Ireland Strategic Partnership Agreement 2019 – 2021, was signed by World Food Programme (WFP) Executive Director and the Department in December 2018. This agreement outlined increased support for WFP throughout this period, subject to annual budget appropriations by Dáil Éireann. The three-year agreement outlined a minimum of €20 million in multilateral contributions per year, with the three-year total allocated under the agreement at least €70 million.

This allocation is made in continued support of the current strategic objectives of the World Food Programme, namely:

- to end hunger, by protecting access to food
- to improve nutrition
- to achieve food security
- to support implementation of Sustainable Development Goals (the 'SDG')
- to partner for SDG results.

The Executive Director of WFP wrote to the Department to ask if Ireland would consider an early disbursement of the 2019 allocation. The Department agreed to an early payment of €19 million of the 2019 allocation, with payment being made on 20 December 2018, this amount is included in prepayments in the statement of financial position.

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 2018 was €4.259 million (2017: €4.587 million).

6.6 Ex-gratia payments

Ex-gratia payments totalling €2.751 million were made to 108 animal welfare organisations (2017: €2.560 million).

Ex-gratia payments totalling €5,000 were made to four livestock societies to set up and/or maintain pedigree breeding programmes.

Ex-gratia payments of €5,000 each were made to four employees as compensation following mediation.

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

An ex-gratia payment of €5,000 was made to a farmer as compensation under the Scrapie scheme.

An ex-gratia payment of €250,000 was made to the Irish Equine Centre as support towards the costs associated with achieving and maintaining reference laboratory status.

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

	2018	2017
	€	€
Irish Shows Association Ltd	82,500	82,500
Macra na Feirme	75,000	84,000
Irish Countrywomen's Association	9,000	9,000
Irish Country Markets Ltd	6,000	6,000
Irish Draught Horse Society	4,000	—
Agricultural Science Association	2,000	2,000
Bunclody Sheep Dog National Trials	—	4,000

6.7 Deferred surrender

Deferred surrender comprises savings of €22 million in capital expenditures in the following subheads.

A.2	Programme A administration	€0.34 million
B.2	Programme B administration	€0.27 million
B.5	Development of agriculture and food (farm)	€4.4 million
B.10	Forestry and bio energy	€10.5 million
C.4	Development and promotion of agriculture and food (non farm)	€6.49 million

Note 7 Horse and Greyhound Racing Fund

Account of receipts and payments for the year ended 31 December 2018

	2018	2017
	€000	€000
Balance at 1 January	—	—
Receipts (subhead C.7)	80,000	80,000
Payments		
Horse Racing Ireland	64,000	64,000
Bord na gCon	16,000	16,000
Balance at 31 December	<u>—</u>	<u>—</u>

Appendix A State-owned lands and buildings controlled or managed by the Department which do not have valuations

Property	Area (Hectares)
Cork	
Haulbowline Island (including bridge and access road)	45.7
Blood testing laboratory, Model Farm Road	—
Regional veterinary laboratory, Model Farm Road	—
Lands, Model Farm Road	2.8
Land Commission non-agricultural land, Annagannihy	56.5
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
Forest plot, Ardara	6.5
Forest plot, Letterkenny	0.2
Dublin	
Forest plot, Killakee	0.7
Galway	
Land Commission non-agricultural lands	
Kilcooley	1.7
Kylenalmelly	1.3
Sylaun	1.7
Rosmore	3.2
Meelickmore	12.4
Lands, Teagasc College, Athenry	14.0
Forest plot, Ballinaninch	60.7
Forest plot, Oughterard	7.0
Kerry	
Land Commission non-agricultural land, Glanlea	4.0
Forest plot, Kenmare	0.2
Forest plot, Killorglin	28.6
Kildare	
Stacumny Cottage, Backweston	—
Lands, Backweston	150.0

Property	Area (Hectares)
Kilkenny	
Regional Veterinary Laboratory, Kilkenny	—
Lands, Kildalton Teagasc College, Pilltown	18.0
Laois	
Forest plot, Durrow	2.2
Leitrim	
Forest plot, Dowra	0.4
Limerick	
Dairy Science Laboratory, Limerick	—
Regional Veterinary Laboratory, Limerick	—
Forest plots, Adare	3.0
Mayo	
Land Commission non-agricultural land, Ballymacrah	12.1
Forest plot, Foxford	3.0
Offaly	
Land Commission non-agricultural lands	
Clorhane	8.2
Ballyegan	44.7
Forest plot, Tullamore	2.5
Roscommon	
Land Commission non-agricultural lands	
Cloonakillig	0.7
Cloonshanvill	33.0
Cloonfad	2.9
Cloonboley	4.9
Cloonacolly	21.6
Cleaheen	0.6
Mallynahouna	5.0
Cloonroughan	21.9
Termon More	55.3
Tonrevagh	10.8
Cloonchambers	18.4
Clonree	25.7
Moor	32.6
Lissergool	5.3
Forest plots, Lough Key	32.0
Sligo	
Regional Veterinary Laboratory, Sligo	—
Forest plot, Benbulbin	0.5
Forest plots, Collooney	1.3

Property	Area (Hectares)
Tipperary	
Forest plot, Clogheen	1.3
Forest plot, Clonmel	3.2
Forest plot, Rear Cross	0.5
Forest plots, Carrick-on-Suir	2.5
Forest plots, Kilsheelan	1.9
Westmeath	
Regional Veterinary Laboratory, Athlone	—
Forest plots, Castlepollard	0.2
Forest plot, Lough Ennel	14.5
Wexford	
Forest plot, Forth	4.8
Forest plots, Gorey	11.1
Wicklow	
Forest plot, Shelton	0.2
Forest plots, Avonmore	1.0
Forest plots, Enniskerry	4.0
Forest plots, Glendalough	7.6
Forest plots, Saggart	1.4
Forest plot, Glen of Imaal	3.0

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.

Appendix B Accounts of Bodies and funds under the aegis of the Department of Agriculture, Food and the Marine

The following table lists the bodies and funds under the aegis of the Department and where the Department has an obligation to present financial statements. It indicates, at the account signing date, the period to which the last audited financial statements relate and when they were presented to the Oireachtas.

Body/Departmental fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
Aquaculture Licences Appeals Board	2017	19 Dec 2018	27 Feb 2019	13 May 2019
Bord Bia	2017	28 Jun 2018	25 Jul 2018	16 Oct 2018
Bord na gCon	2017	29 Jun 2018	2 Jul 2018	19 Jul 2018
Bord Iascaigh Mhara	2017	15 Jun 2018	29 Jun 2018	27 Sep 2018
Coillte Teoranta ^a	2017	26 Mar 2018	20 Apr 2018	30 Apr 2018
European Agricultural Guarantee Fund, European Agricultural Fund for Rural Development and the European Maritime Fisheries Fund – Irish Operations	2017	21 Dec 2018	3 Jan 2019	14 Mar 2019
Fishery Harbour Centres Fund	2017	21 Dec 2018	3 Jan 2019	19 Jun 2019
Horse Racing Ireland	2017	25 Oct 2018	9 Nov 2018	28 Jan 2019
Irish National Stud Company Ltd ^b	2017	22 Mar 2018	26 Mar 2018	13 Jun 2018
Marine Institute	2017	17 Dec 2018	17 Jan 2019	14 May 2019
National Milk Agency ^c	2017	29 Mar 2018	29 Jun 2018	23 Oct 2018
Sea Fisheries Protection Authority	2017	17 Aug 2018	17 Sep 2018	18 Oct 2018
Teagasc	2017	21 Jun 2018	25 Jun 2018	18 Jul 2018
The Public Trustee of Ireland	2017	11 Jun 2018	14 Jun 2018	11 Jul 2018

Notes ^a Coillte, as a self-financing commercial state body, is not audited by the C&AG; the company's annual report and accounts are laid before the Houses of the Oireachtas in accordance with Section 31 of the Forestry Act 1988 under which it was established.

^b Irish National Stud Company Ltd is not audited by the C&AG; the company's annual report and accounts are laid before the Houses of the Oireachtas in accordance with Section 25 of the National Stud Act, 1945 under which it was established.

^c National Milk Agency is not audited by the C&AG; the company's annual report and accounts are laid before the Houses of the Oireachtas in accordance with Section 18 of the Milk (Regulation of Supply) Act 1994.