

## DEFENCE

Account of the sum expended, in the year ended 31 December 2008, compared with the sum granted and of the sum which may be applied as appropriations-in-aid in addition thereto:

- for the salaries and expenses of the Office of the Minister for Defence, including certain services administered by that Office; for the pay and expenses of the Defence Forces; and for payment of certain grants-in-aid

- for deferred surrender of unspent appropriations for capital supply services under Section 91 of the Finance Act 2004.

Service	Estimate Provision	Outturn	Closing Accruals
	€000	€000	€000
<b>ADMINISTRATION</b>			
A.1. SALARIES, WAGES AND ALLOWANCES	19,270	19,209	—
A.2. TRAVEL AND SUBSISTENCE	460	361	10
A.3. INCIDENTAL EXPENSES	670	415	3
A.4. POSTAL AND TELECOMMUNICATIONS SERVICES	790	797	41
A.5. OFFICE MACHINERY AND OTHER OFFICE SUPPLIES AND RELATED SERVICES	2,460	2,026	(157)
A.6. OFFICE PREMISES EXPENSES	1,744	1,813	88
A.7. CONSULTANCY SERVICES	40	60	—
A.8. VALUE FOR MONEY AND POLICY REVIEWS	150	112	—
<b>DEFENCE FORCES</b>			
B. PERMANENT DEFENCE FORCE: PAY	485,677	479,135	—
C. PERMANENT DEFENCE FORCE: ALLOWANCES	58,766	60,232	—
D. RESERVE DEFENCE FORCE: PAY, ETC.	10,459	9,138	—
E. CHAPLAINS AND OFFICIATING CLERGYMEN: PAY AND ALLOWANCES	1,308	1,322	—
F. CIVILIANS ATTACHED TO UNITS: PAY, ETC.	40,302	40,154	—
G. DEFENSIVE EQUIPMENT	42,815	45,291	(3,425)
H. AIR CORPS: EQUIPMENT AND EXPENSES	39,947	40,581	(164)
I. MILITARY TRANSPORT	19,772	17,587	(912)
J. NAVAL SERVICE: EQUIPMENT AND EXPENSES	14,610	16,246	573
K. BARRACK EXPENSES AND ENGINEERING EQUIPMENT	19,826	20,878	53
L. BUILDINGS			
<i>Current Year Provision</i>	40,554		
<i>Deferred Surrender</i>	3,000		
M. ORDNANCE, CLOTHING AND CATERING	23,646	27,612	460
N. COMMUNICATIONS AND INFORMATION TECHNOLOGY	10,996	10,856	126
O. MILITARY TRAINING	3,809	3,748	57
P. TRAVEL AND FREIGHT SERVICES	23,899	16,940	181
Q. MEDICAL EXPENSES	4,298	4,062	175
R. LANDS	1,205	1,408	199
S. EQUITATION	1,019	1,070	(32)
T. COMPENSATION	6,278	6,285	486
U. MISCELLANEOUS EXPENDITURE	3,770	5,437	261
<b>OTHER SERVICES</b>			
V. COSTS ARISING DIRECTLY FROM IRELAND'S PARTICIPATION IN THE E.U.'S EUROPEAN SECURITY AND DEFENCE POLICY	1,584	1,758	201
W. CIVIL DEFENCE BOARD (GRANT-IN-AID)	6,248	6,248	—

Defence – Vote 36

Service	€000	Estimate Provision €000	Outturn €000	Closing Accruals €000
<b>OTHER SERVICES (cont'd)</b>				
X. IRISH RED CROSS SOCIETY (GRANT-IN-AID)		951	951	—
Y. COISTE AN ASGARD (GRANT-IN-AID) (PART FUNDED BY NATIONAL LOTTERY)		803	803	—
		<hr/>	<hr/>	<hr/>
<b>Gross Total</b>				
<i>Current Year Provision</i>	888,126			
<i>Deferred Surrender</i>	<u>3,000</u>	891,126	879,836	(1,311)
Deduct:				
Z. APPROPRIATIONS-IN-AID		<u>13,015</u>	<u>14,471</u>	<u>2,118</u>
		<hr/>	<hr/>	<hr/>
<b>Net Total</b>				
<i>Current Year Provision</i>	875,111			
<i>Deferred Surrender</i>	<u>3,000</u>	<u>878,111</u>	<u>865,365</u>	<u>(3,429)</u>
		<hr/>	<hr/>	<hr/>
<b>Surplus for the year</b>			€12,746,215	
<b>Deferred surrender under Section 91 of the Finance Act 2004</b>			€3,000,000	
<b>Surplus to be surrendered</b>			<u>€9,746,215</u>	

The Statement of Accounting Policies and Principles and Notes 1 to 17 form part of this Account.

**NOTES****1 EXCEPTIONS TO GENERAL ACCOUNTING POLICIES**

Military stocks are valued at average cost. Other stocks are valued at their most recent purchase price.

Military equipment is depreciated using the straight line method with a residual value.

A detailed register is maintained of land and buildings administered by the Department of Defence. However, as valuations for all of these properties are not available, they are not included in the Statement of Capital Assets (Note 4).

In the Statement of Capital Assets (Note 4) furniture and fittings exclude items with a value below €600.

**2 OPERATING COST STATEMENT FOR 2008**

	€000	€000	€000
<b>Net Outturn</b>			865,365
<b>Changes in Capital Assets</b>			
Purchases Cash	(32,452)		
Depreciation	41,540		
Loss on Disposals	350	9,438	
	<u>350</u>		
<b>Assets under Development</b>			
Cash Payments (Note 5)		(26,095)	
<b>Changes in Net Current Assets</b>			
Decrease in Closing Accruals	(700)		
Increase in Stock	(7,968)	(8,668)	(25,325)
	<u>(7,968)</u>	<u>(8,668)</u>	
<b>Direct Expenditure</b>			840,040
<b>Expenditure Borne Elsewhere</b>			
Net Allied Services Expenditure		9,760	
Notional Rents		4,482	14,242
		<u>4,482</u>	
<b>Operating Cost</b>			<u><u>854,282</u></u>

**3 STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 2008**

	€000	€000	€000
<b>Capital Assets (Note 4)</b>			400,673
<b>Assets under Development (Note 5)</b>			<u>6,377</u>
			407,050
<b>Current Assets</b>			
Stocks (Note 16)		230,507	
Prepayments <sup>1</sup>			
2006	11		
2007	43		
2008	<u>6,695</u>	6,749	
Accrued Income		2,157	
Other Debit Balances:			
Suspense	6,659		
Bank and Cash Balances	<u>1,324</u>	7,983	
PMG Balance and Cash	6,327		
Orders Outstanding	<u>(8,174)</u>	(1,847)	
		<u>245,549</u>	
<b>Total Current Assets</b>			<u>245,549</u>
<b>Less Current Liabilities</b>			
Accrued Expenses		5,384	
Deferred Income		39	
Other Credit Balances:			
Suspense	43		
Payroll Deductions	347		
Due to State (Note 17)	<u>249</u>	639	
Net Liability to the Exchequer (Note 6)		<u>5,497</u>	
<b>Total Current Liabilities</b>			<u>11,559</u>
<b>Net Current Assets</b>			<u>233,990</u>
<b>Net Assets</b>			<u><u>641,040</u></u>

<sup>1</sup>The total figure includes downpayments of €4.4m for defensive equipment, €1.4m for vehicles and €0.4m for flight simulator and safety equipment.

**4 STATEMENT OF CAPITAL ASSETS AS AT 31 DECEMBER 2008<sup>1</sup>**

	Military Equipment €000	Office/IT Equipment €000	Furniture and Fittings €000	Totals €000
Cost or Valuation as at 1 January 2008	762,225	41,830	2,005	806,060
Additions	43,422	2,343	42	45,807
Disposals	(4,648)	(748)	(3)	(5,399)
Gross Assets as at 31 December 2008	<u>800,999</u>	<u>43,425</u>	<u>2,044</u>	<u>846,468</u>
<b>Accumulated Depreciation</b>				
Opening Balance as at 1 January 2008	377,732	30,127	1,445	409,304
Depreciation for the year	37,721	3,734	85	41,540
Depreciation on Disposals	(4,317)	(730)	(2)	(5,049)
Cumulative Depreciation as at 31 December 2008	<u>411,136</u>	<u>33,131</u>	<u>1,528</u>	<u>445,795</u>
<b>Net Assets as at 31 December 2008</b>	<u><u>389,863</u></u>	<u><u>10,294</u></u>	<u><u>516</u></u>	<u><u>400,673</u></u>

<sup>1</sup>The Department of Defence administers land (approx. 8,200 hectares) and buildings at 100 different locations, as well as 21 properties outside of barracks which serve as married quarters. The disposal of these married quarters continues to be pursued. As indicated in Note 1, Land and Buildings are not included in this Statement.

**5 STATEMENT OF CAPITAL ASSETS UNDER DEVELOPMENT AS AT 31 DECEMBER 2008**

	<b>Construction Contracts<sup>1</sup></b>
	<b>€000</b>
<b>Amounts brought forward at 1 January 2008</b>	8,890
Cash Payments for the Year	26,095
Transferred to Asset Register	<u>(28,608)</u>
<b>Amounts carried forward at 31 December 2008</b>	<u><u>6,377</u></u>

<sup>1</sup>Notional transfer to Asset Register. Land and Buildings are not shown in the Statement of Capital Assets.

**6 NET LIABILITY TO THE EXCHEQUER****Reconciliation of Surplus to be Surrendered at year end to Debtor and Creditor Balances held at 31 December 2008**

	<b>€000</b>	<b>€000</b>
Surplus to be surrendered		9,746
Deferred Surrender		3,000
Exchequer Grant Undrawn		<u>(7,249)</u>
Net Liability to the Exchequer		<u><u>5,497</u></u>
<b>Represented by:</b>		
<b>Debtors</b>		
Net PMG position and cash	(1,847)	
Other Bank and Cash balances	<u>7,983</u>	6,136
<b>Creditors</b>		
Due to State (Note 17)	(249)	
Credit Balances: Suspense and payroll deductions	<u>(390)</u>	(639)
		<u><u>5,497</u></u>

**7 EXTRA RECEIPTS PAYABLE TO THE EXCHEQUER**

Conscience money	€ 3,000
Voluntary surrender of pay	<u>7,467</u>
	<u><u>10,467</u></u>

## 8 EXPLANATION OF THE CAUSES OF VARIATION BETWEEN OUTTURN AND ESTIMATE PROVISION

Sub-head	Less/(More) than provided €000	Explanation
A.3.	255	The saving is due to a reduction in planned training programmes and lower than anticipated expenditure on a range of miscellaneous items.
D.	1,321	The saving is due mainly to the number of Reserve personnel who attended full-time training being less than provided for in the Estimate, and a more cost-effective approach to catering arrangements for the Reserve.
G.	(2,476)	The excess is due to the purchase of essential defensive equipment required for operational use by the Defence Forces.
I.	2,185	The saving is due to a delay in the delivery of new vehicles.
J.	(1,636)	The excess is due mainly to increased expenditure on marine fuel and maintenance which was partly offset by savings elsewhere in the subhead.
K.	(1,052)	The excess is due mainly to increased utility costs and to costs associated with barrack closures.
L.	6,253	The saving is mainly due to slower than anticipated progress on certain building projects.
M.	(3,966)	The excess is due mainly to additional expenditure on ordnance equipment and catering for the Chad mission.
P.	6,959	The saving is due mainly to lower than estimated costs associated with the transport of equipment and stores for the Chad mission.
Q.	236	The saving is due mainly to the requirement for medical supplies for overseas missions being less than estimated.
R.	(203)	The excess is due to higher than anticipated management and maintenance costs of Departmental properties.
U.	(1,667)	The excess is mainly due to costs associated with the public information and awareness campaign on emergency planning.
V.	(174)	The excess is mainly due to an increased contribution requirement from Ireland in respect of common costs relating to EU missions.

**9 APPROPRIATIONS-IN-AID**

	Estimated €	Realised €
1. Receipts from United Nations in respect of overseas allowances, etc.	400,000	251,298
2. Receipts from EU in respect of fishery protection costs	2,280,000	663,590
3. Receipts from banks in respect of cash escort services	6,975,000	7,349,291
4. Receipts from occupation of official quarters	300,000	307,261
5. Receipts from rations on repayment	1,300,000	1,521,559
6. Receipts from other issues on repayment	80,000	84,831
7. Receipts for aviation fuel	50,000	96,138
8. Receipts on discharge by purchase	110,000	69,600
9. Lands and premises :-		
(1) Rents, etc.	350,000	421,101
(2) Sales	750,000	3,070,294
10. Sale of surplus stores	40,000	32,300
11. Refunds in respect of services of seconded personnel	30,000	52,269
12. Miscellaneous	350,000	551,125
<b>Total</b>	<b>13,015,000</b>	<b>14,470,657</b>

**Explanation of Variations**

1. Monies anticipated for receipt in 2008 in respect of UNIFIL were received and brought to account in 2007.
2. The shortfall arose because only part-payment of a claim was made by the EU in 2008.
3. The surplus is due to an increase in the number of cash escorts.
5. The surplus is due to higher numbers of personnel availing of rations during 2008.
9. The surplus is due to the completion of a property sale for which provision was not included in the Estimate.
12. Receipts under this heading are difficult to forecast because there are a number of variable factors involved.

**10 COMMITMENTS****(A) Global Commitments**

The global figure for commitments likely to arise in 2009 and subsequent years is estimated to be €52m. This includes €33m for the purchase of defensive equipment; €12m for a number of building projects; €5m for the purchase of vehicles and €2m for the purchase of ordnance equipment.

**(B) Multi-annual Capital Commitments**

Expenditure in 2008 and commitments to be met in subsequent years on foot of capital projects where legally enforceable contracts were in place at 31 December 2008:

Expenditure	€ 26,095,064
Commitments to be met in subsequent years	11,782,222

**11 MATURED LIABILITIES**

Matured Liabilities outstanding at year end amounted to €959,183.

## 12 DETAILS OF EXTRA REMUNERATION

	Amount paid	Number of recipients	Recipients of €10,000 or more	Max. individual payment of €10,000 or more
	€			€
Higher, special or additional duties	216,704	118	4	20,187
Overtime and extra attendance	1,127,850	424	12	21,757
Shift and roster allowances	1,806	1	—	—
Total extra remuneration	<u>1,346,360</u>			

**Note:**

In addition to the remuneration reported above, awards amounting to €147,900 were made to 11 military officers (€125,900) and 2 civil servants (€22,000) under the Scheme of Performance-related Awards for Officers of General Rank and for Assistant Secretaries.

Certain individuals received extra remuneration in more than one category.

## 13 MISCELLANEOUS ITEMS

Under the provisions of section 91 of the Finance Act 2004, €3,000,000 of unspent allocation in respect of the capital elements of Subheads A.5., L. and N. was carried forward to 2009.

At 31 December 2008, there were 1,310 personal injury claims (580 in respect of alleged loss of hearing) on hand, of which 1,010 have been referred to the State Claims Agency.

This account includes the sums indicated below in respect of the remuneration of military personnel serving with EU and UN peace support operations and various organisations, together with travel and subsistence and transportation costs:

	€
EUFOR (Chad)	39,132,789
KFOR (Kosovo)	22,048,068
EUFOR (Bosnia Herzegovina)	4,047,843
Other EU and UN Missions (including EUMM, UNTSO, ISAF and UNIFIL)	4,180,586
Military Staffs (EU, PSC, EUMS, etc.), Brussels	2,028,575
Nordic Battle Group	1,465,869
Organisation for Security and Co-operation in Europe	767,740

All of the costs listed above were borne in full by the State and are not recoverable. The sum of €251,000 was received from the UN in 2008 comprising €225,000 in respect of equipment costs and €26,000 in respect of personnel costs. There are no further amounts due from the UN at end-2008.

This account includes the sum of €116,500 in respect of the remuneration and expenses of a civil servant seconded to the European Council in Brussels.

This account includes the sum of €40,037 in respect of the remuneration and expenses of a civil servant seconded to the European Union civilian mission in Kosovo.

This account includes the sum of €28,603 in respect of the remuneration of a civil servant seconded to the Department of the Taoiseach.

This account includes the sum of €248,778 in respect of the remuneration of 3 military officers seconded to the Representative Association of Commissioned Officers. Office accommodation and postal and telecommunications services were provided without repayment for the Association (S4/8/90 and S4/9/90).

This account includes the sum of €226,092 in respect of the remuneration of military personnel seconded to the Permanent Defence Force Other Ranks Representative Association and a sum of €68,568 in respect of office accommodation and postal and telecommunications services for the Association (S4/8/90 and S4/9/90).

This account includes the sum of €67,296 in respect of operating costs for the Reserve Defence Force Representative Association. Office accommodation was provided without charge for the Association (S4/14/93).

This account includes the sum of €85,975 in respect of the remuneration of one military officer on loan to the Defence Forces Canteen Board (S4/30/40 and S4/11/58).

Assistance was rendered without charge to the Garda Síochána in disposing of explosive materials (S4/17/63).

Air Corps aircraft were provided without charge to other Government Departments and the Garda Síochána.

This account includes the full operating costs of the Garda fixed-wing aircraft and the pilot costs only of the two Garda helicopters.

Air Corps aircraft were provided without charge to the Health Service Executive for ambulance missions (S72/7/75).

Institutional and outpatient services were afforded to Defence Forces personnel and to the dependants of enlisted personnel in civilian hospitals without application of the statutory charge and in military hospitals without charge to the Health Service Executive (S4/40/51 and S72/7/75).

Amounts of €37,236 and €5,493 were received from Votes 1 and 2 respectively by military officers for performing duties as Aides-de-Camp to the President and an Taoiseach.

## 14 EU FUNDING

Appropriations-in-aid of €663,590 were received from the EU Fishery Protection Surveillance Programme in respect of expenditure incurred for the conservation and management of fishery resources under subheads H. and J.

## 15 NATIONAL LOTTERY FUNDING

Subhead	Description	€000
Y.	Coiste an Asgard (Grant-in-Aid)	<u>803</u>

## 16 STOCKS

Stocks at 31 December 2008 comprised:	<b>€000</b>
Military Stocks	230,401
Stationery, Manuals, etc.	57
IT Consumables, etc.	49
	<u>230,507</u>

## 17 DUE TO THE STATE

The amount due to the State at 31 December 2008 consisted of:	<b>€000</b>
Income Tax	41
Pay Related Social Insurance	3
Withholding Tax	155
Pension Contributions	40
Exchequer Extra Receipts	10
	<u>249</u>

**MICHAEL HOWARD**

Accounting Officer  
DEPARTMENT OF DEFENCE  
31 March 2009

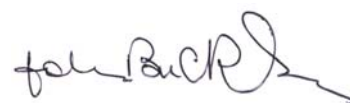
**Certificate of the Comptroller and Auditor General**

I have audited the Appropriation Account of the Vote for the Department of Defence for 2008 under Section 3 of the Comptroller and Auditor General (Amendment) Act, 1993. The Account has been prepared in accordance with the Statement of Accounting Policies and Principles. The duties of the Accounting Officer and of the Comptroller and Auditor General in relation to the Appropriation Accounts, and the basis of the audit opinion, are set out in Part 1 to this volume.

I have obtained all the information and explanations I considered necessary for the purposes of my audit. In my opinion, proper books of account have been kept by the Department of Defence. The Appropriation Account is in agreement with the books of account.

In my opinion, the Appropriation Account properly presents the receipts and expenditure of the Vote for the year ended 31 December 2008.

Chapter 28 of my annual report refers to certain matters which I considered it appropriate to report on in accordance with Section 3 (10) of the Comptroller and Auditor General (Amendment) Act, 1993.



**JOHN BUCKLEY**  
Comptroller and Auditor General  
4 September 2009