

Chapter 22

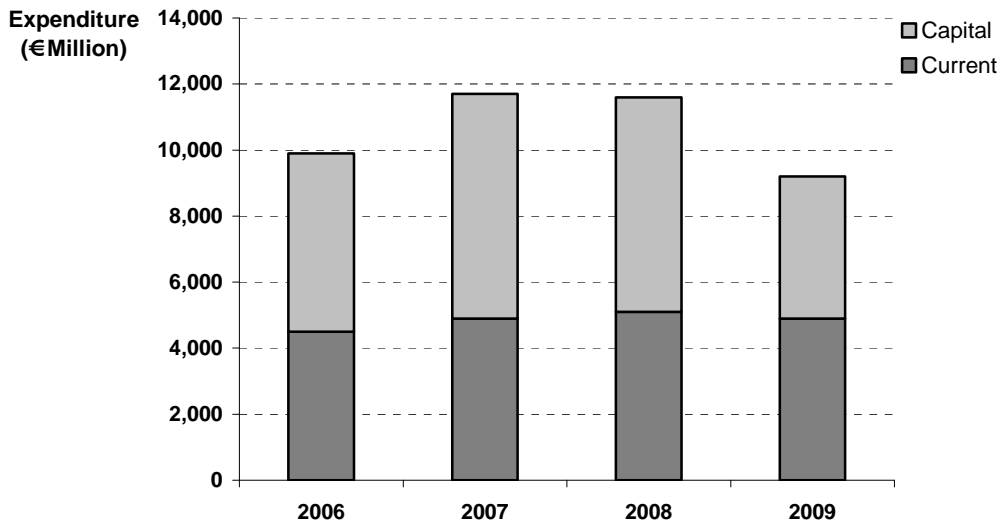
Central Government Funding of Local Authorities

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22.1 Aggregate expenditure by local authorities in 2009, the last year for which detailed information is available, is estimated at €9.2 billion. This comprised around €4.3 billion in capital expenditure, and around €4.9 billion in current expenditure.

22.2 Figure 105 shows how expenditure by local authorities changed over the period 2006 to 2009¹⁹¹.

Figure 105 Expenditure by local authorities by type, 2006 to 2009



Source: Department of the Environment, Community and Local Government

22.3 Local Authority capital spending results in the creation or acquisition by a local authority of an asset that has a use beyond the year in which that asset is provided e.g. road construction, building or purchase of houses, swimming pool, library, etc. Local authority capital programmes are financed largely by State grants from a variety of sources, with some funding from development levies, borrowings, own internal resources and property sales.

22.4 Current expenditure by Local Authorities, sometimes referred to as revenue expenditure, covers the day-to-day running of local authorities, including staff salaries, housing maintenance, pensions, operational costs of treatment plants, etc. Current expenditure is funded from a variety of sources, including Exchequer and Local Government Fund grants (about 43% of the total in 2009), local authority rates (about 29%) and charges for goods and services such as commercial water charges, housing rents, parking charges, etc (about 28%). The Non Principal Private Residence charge (€200 per dwelling) was introduced in 2009 to broaden the revenue base of local authorities.¹⁹²

¹⁹¹ Collation of local authority expenditure outturns for 2010 had not been finalised by the Department of the Environment, Community and Local Government at the time of this Report.

¹⁹² The specific contribution to current expenditure from the different income sources varies between authorities.

Chapter Focus

The objective of this chapter is to provide an overview of the funds flowing from and through central Government sources to local authorities, and of the purposes for which the funds have been provided.

Relevant and timely programme measures and indicators for each national programme can help in making allocation decisions and in supporting efficient and effective service delivery and accountability. This report reviews the indicators in the area of water services.

The chapter also examines recent developments aimed at reducing local authority indebtedness for past acquisitions of land for social and affordable housing.

Sources of Central Government Transfers

22.5 Transfers of funding from central Government sources to local authorities in 2010 totalled almost €4.5 billion. Around 86% of this originated as Exchequer funding provided through the Votes for government departments. The non-Exchequer sourced funding (14% of the total) was provided from the Local Government Fund and the Environment Fund.

22.6 The Local Government Fund was established in 1999 under the Local Government Act 1998. It is financed by the proceeds of motor tax and an annual Exchequer contribution paid into the Fund from Vote 25. The resources in the Fund are used mainly to provide local authorities with funding for their day-to-day activities and for the upkeep of non-national roads.¹⁹³ A small amount of the Fund is used to support certain other local government initiatives.

22.7 The Environment Fund is used primarily to support environmentally-oriented initiatives, campaigns and programmes organised at local or regional level under the auspices of local authorities. The proceeds of the plastic bag levy collected from retailers by the Revenue Commissioners are paid into the Fund. Levies paid by landfill operators to local authorities are also paid into the Fund. Disbursements from the Fund are used to assist projects on the basis of their capacity to protect or enhance the environment.

22.8 Figure 106 sets out the sources of funding for expenditures from central Government sources to local authorities each year from 2007 to 2010.

¹⁹³ Motor tax revenues are collected by local authorities and through the Motor Tax Online website, and are paid into the Local Government Fund. Since 2007, part of the Fund allocation has been paid each year to the Minister for Transport in the form of appropriations-in-aid under Vote 32. This is related to grants paid by the Minister to local authorities to assist them with the upkeep of regional and local roads.

Figure 106 Sources of Central Government Financing for Local Authorities, 2007-2010

Source of funds	2007	2008	2009	2010
	€m	€m	€m	€m
Exchequer funds^a				
Vote 25 — Environment, Heritage and Local Government	2,584	2,804	2,401	1,828
Vote 26 — Education and Skills	272	301	379	389
Vote 27 — Community, Equality and Gaeltacht Affairs	49	64	36	22
Vote 32 — Transport	1,476	1,374	1,488	1,577
Vote 35 — Tourism, Culture and Sport	32	26	17	19
Vote 41 — Office of the Minister for Children and Youth Affairs	—	—	5	4
	4,413	4,569	4,326	3,839
Other funding sources^b				
Local Government Fund (non Exchequer element) ^c	1,049	1,102	897	575
Environment Fund ^d	40	39	30	37
	1,089	1,141	927	612
Funding from all central Government sources	5,502	5,710	5,253	4,451

Source: OCAG Annual Report 2009, Department of the Environment, Community and Local Government, Department of Education And Skills, Department of Transport, Tourism and Sport, Department of Arts, Heritage and Gaeltacht Affairs, Department of Children and Youth Affairs.

Notes: a For consistency of approach in presenting historic data, Vote titles are those that applied in 2010.

b The accounts for the Local Government Fund 2010 and the Environment Fund 2010 are unaudited.

c Comprises mainly motor tax receipts, and interest earned. The Exchequer contribution to the Fund is included in the Vote 25 expenditure reported above.

d Includes plastic bag levy and landfill levy receipts, and interest earned.

Application of Funding

22.9 Most of the funding sourced from central Government and provided to local authorities must be used for specific local authority services. These can be grouped into six broad programme categories.

- **Housing and Urban Regeneration** – The bulk of funding for housing and urban regeneration is provided directly to local authorities by the Department of the Environment, Community and Local Government. The funding is used by local authorities for the provision of local authority housing, regeneration and remedial work, Traveller accommodation, voluntary and cooperative housing, the Rental Accommodation Scheme, housing adaptation grants, and accommodation for homeless people.
- **Environmental Services** – Around 93% of the central funding provided to local authorities in support of environmental services is directed towards investment in water services, and is primarily funded by the Department of the Environment, Community and Local Government. The remaining funding for environmental services comes from the Department of Arts, Heritage and Gaeltacht Affairs, the Local Government Fund and the Environment Fund.

- **Road Improvement and Maintenance** – Improvement and maintenance of the national roads is the responsibility of the National Roads Authority (NRA), which operates under the aegis of the Department of Transport, Tourism and Sport. In carrying out its projects, the Authority normally uses local authorities as its agents, and channels its expenditure through them. An allocation of funds is made from the Local Government Fund to the Department of Transport, Tourism and Sport for the upkeep of regional and local roads. Grants for these purposes are paid to the NRA and, subsequently, to local authorities by that Department. Chapter 27 reviews aspects of administration of those funds.
- **Education Services** – The Department of Education and Skills reimburses the cost of higher education grants awarded by local authorities. The Department also reimburses local authorities the costs of providing superannuation benefits for retired staff of Vocational Education Committees and of Institutes of Technology who are members of the Vocational Teachers' Superannuation Scheme or the Education Sector Superannuation Scheme respectively.
- **Recreation and Other Local Services** – This comprises central government funding for local authority services such as library and archive services, swimming pool construction and maintenance and other public amenity and cultural projects, as well as fire and emergency services, and services for the disabled.
- **General Purposes Grants** – Through the Local Government Fund, the Department of the Environment, Community and Local Government provides a contribution to the local authorities to assist them bridge the gap between their other income sources and the cost of the local services they provide.

22.10 Figure 107 presents a more detailed breakdown of the fund transfers to local authorities for 2007, 2008, 2009 and 2010, showing the programme and the schemes being supported. This indicates that just over one third of the total provision was in respect of road improvements and maintenance work. Just under one quarter was provided for housing and urban regeneration programmes. General purposes funding accounted for 17% of the total amount provided.

Conclusion – Central Government Funding of Local Authorities

Funds flowing from central Government sources to local authorities in the period 2007 – 2009 averaged almost €5.5 billion per year. The €4.5 billion provided in 2010 represents a reduction of 22% by comparison with the 2008 level and 15% when compared with 2009.

Figure 107 Central Government Transfers to Local Authorities, by Expenditure Programme, 2007 – 2010

Expenditure Category	2007 €m	2008 €m	2009 €m	2010 €m
<i>Housing and urban regeneration</i>				
Social housing provision	1,382	1,571	1,297	961
Affordable housing etc	64	89	94	84
Other housing supports	6	7	4	6
Urban regeneration	20	5	1	—
	1,472	1,672	1,396	1,051
<i>Environmental services</i>				
Water and sanitary services	529	544	558	535
Waste management	28	27	8	11
Recycling	12	22	14	14
Other environmental measures	11	15	29	16
	580	608	609	576
<i>Road improvement and maintenance</i>				
National roads	1,476	1,374	1,488	1,166
Non-national roads	623	616	455	412
	2,099	1,990	1,943	1,578
<i>Education services</i>				
Higher education grants	126	137	160	172
Superannuation of retired staff	146	164	219	217
	272	301	379	389
<i>Recreation and other local services</i>				
Swimming pools	25	20	11	3
Library service	17	15	9	6
Sports grants, playgrounds and cultural projects	9	7	10	21
Fire and emergency services	24	24	20	19
Heritage services (architectural heritage)	7	8	6	5
Disability services	15	15	12	7
Miscellaneous capital services	19	31	2	12
Miscellaneous services	15	20	6	7
	131	140	76	80
<i>General purpose grants^a</i>				
	948	999	850	777
Total funding provided to local authorities	5,502	5,710	5,253	4,451

Source: OCAG Annual Report 2009, Department of the Environment, Community and Local Government, Department of Education And Skills, Department of Transport, Tourism and Sport, Department of Arts, Heritage and Gaeltacht Affairs, Department of Children and Youth Affairs.

Note: a Includes funding in respect of severe winter weather for 2009 and 2010.

Water Services Effectiveness

22.11 Funding for the provision of infrastructure for the supply of drinking water is provided by the Department of the Environment, Community and Local Government under two programmes. Major water supply schemes are included in the rolling three-year Water Services Investment Programme (WSIP). These schemes focus on the larger concentrations of population in urban areas. Annual Rural Water Programmes (RWP) provide the bulk of funding for the construction of group water schemes and small public schemes in rural areas.

22.12 Over the period 2000 – 2010, €5.2 billion of Exchequer resources have been invested in the upgrading and provision of new water services infrastructure, of which €4.2 billion was spent on WSIP and €0.99 billion was spent on RWP. Overall expenditure includes investment of over €1 billion on public water supply and networks and €168 million on water conservation¹⁹⁴. There are two key indicators of the effectiveness of expenditure on water supply and conservation

- the quality of drinking water
- the extent to which treated water reaches the consumer.

Water Quality Indicators

22.13 Local authority performance in the delivery of quality water is measured by the percentage of drinking water sampled in the local authority that is in compliance with statutory requirements. The Environmental Protection Agency (EPA) reports publicly the results of water quality monitoring carried out by local authorities.

22.14 There has been considerable delay in reporting the results of quality monitoring with no reporting of 2009 results to date. The Local Government Management Services Board (LGMSB) which compiles the information depends, in turn, on the EPA to provide it with the data to prepare the indicators. The EPA is reliant on the timely submission by local authorities of monitoring data which it must also validate before transmitting it to the LGMSB. Figure 108 sets out the water quality indicators for the years 2004 – 2008.

22.15 The test data for 2009 was not available in time for publication of the EPA report for that year (February 2011) and thus the indicators were excluded from the publication. The data however became available at the end of February 2011. In conjunction with the LGMSB, my Office compiled the lead indicator for 2009 – the median average. The result at 99.06% for public water supply and 97.10% for private water supply shows an improvement for both public and private water supply over 2008.

22.16 The LGMSB have confirmed that it intends to include the 2010 indicators in the 2010 report (providing the data is available). It will not report 2009 data.

¹⁹⁴ The WSIP expenditure also includes €889 million relating mainly to the group water sector under the rural water programme.

Figure 108 Water Supply Quality Compliance 2004 – 2008

		2004	2005	2006	2007	2008	Net Change 2004 - 2008
		%	%	%	%	%	%
Public water supply							
Median average		97.60	97.88	98.00	97.94	97.67	+ 0.07
Top 25% range	From	99.60	99.35	99.40	99.56	99.39	- 0.21
	To	99.03	98.84	98.78	98.79	98.79	- 0.24
Lowest 25% range	From	96.20	96.40	96.63	96.95	96.87	+ 0.67
	To	89.50	94.80	95.00	95.02	93.44	+ 3.94
Private water supply							
Median average		92.70	92.75	93.59	95.00	94.99	+ 2.29
Top 25% range	From	98.10	99.47	99.38	99.32	98.69	+ 0.59
	To	95.20	97.14	96.21	96.11	96.24	+ 1.04
Lowest 25% range	From	89.30	88.46	90.81	91.04	91.89	+ 2.59
	To	84.50	81.46	80.00	85.87	88.10	+ 3.60

Source: LGMSB Service Indicator Reports 2004 - 2008

Conclusion – Water Quality

It is important that the information on performance be reported on a consistent annual basis so as to inform decisions and track trends. There would be merit in reviewing the mechanisms for the compilation of the information so as to ensure that the indicators can be compiled in a timely way.

Effectiveness of Supply System

22.17 Loss of output is a feature of all water distribution systems. Unaccounted for Water (UFW) is a measure that is used to track this loss. It is the difference between 'net production' which is the volume of water delivered into a network and 'consumption' measured in terms of the volume of water that can be accounted for by legitimate consumption.

22.18 Figure 109 shows UFW as a percentage of the net volume of water supplied for 2008 and 2009. It sets out the national average performance and the range across local authorities. Annex A contains the data on UFW for these two years for all county and city councils.

Figure 109 Unaccounted for Water (UFW) as a percentage of Water Supplied, 2008 – 2009

	2008 %	2009 %
Highest UFW Rate	58.60	58.50
Lowest UFW Rate	16.83	21.45
Average UFW Rate	41.20	41.48

Source: LGMSB Service Indicator Reports 2008, 2009

22.19 Overall, the average percentage of UFW was approximately 41.48% in 2009, which showed a marginal increase over 2008 (41.20%). Some 17 of the 34 authorities have seen an improvement in 2009, the most noticeable being a reduction in the percentage of water lost in Monaghan which was down by 27%, Cavan by 18% and Kilkenny by 15%. The other 17 local authorities reported a disimprovement in the amount of UFW for 2009, with Limerick County Council reporting losses of 35%, up from 17% in 2008. Fingal County Council, Limerick City Council, and Dublin City Council reported substantial increased leakage in 2009 over 2008 at 27%, 22% and 20% respectively.

Cost of Unaccounted for Water

22.20 The cost of UFW is considerable for local authorities. However, since the LGMSB does not collate information on water production and associated costs the data is not available in the Department of the Environment, Community and Local Government. As a result, it is not possible in this report to provide an up-to-date estimate of the cost of UFW being experienced.

22.21 A value for money examination carried out in the mid-1990's on water production and distribution showed that the cost per cubic metre of water produced varied between €0.14 to €0.39¹⁹⁵. The study found that overall water leakage level in the authorities surveyed at that time ranged from 27% to 40% of total water produced.

22.22 The results of the study were based on estimates since none of the authorities that were the subject of the value for money examination had the means to measure accurately the level of overall leakage.

22.23 Based on its results, the examination reported that, for five local authorities reviewed at that time, the estimated annual production cost of the water lost due to leakages was in the order of €3.5 million. Applying the Consumer Price Index to this value brings the cost to approximately €3.3 million in present-day terms.

22.24 As leakage is just one factor contributing to UFW, it appears from the losses now being recorded by local authorities that there has been little, if any, improvement in the situation despite the considerable State investment in water services in the interim.

Views of the Accounting Officer

22.25 The Accounting Officer informed me that under the National Water Conservation Sub-Programme which commenced in 1996 the National Water Study undertook a comprehensive national water audit of all urban centres with populations exceeding 5,000 to determine the extent of UFW and leakage problems nationally. The National Water Study examined the reasons for UFW and set out recommendations to reduce the levels of UFW.

22.26 Arising from the findings of the National Water Study and pilot water conservation schemes undertaken in the main urban centres of Dublin, Cork, Galway, Waterford and Limerick, water conservation strategies and operational programmes were adopted which have been rolled out nationally since 2003.

22.27 The Dublin Region Water Conservation Programme, which was carried out between 1998 and 2002 as one of the pilot schemes under the National Water Conservation Sub-Programme, reduced regional leakage from 47% to 28%. UFW in the Dublin region now averages 30% which is amongst the lowest in the country.

¹⁹⁵ 'Water Production and Distribution', a report by the Local Government Audit Service reviewing water systems and making recommendations for better management. Data in that report refers generally to the 1995 financial year.

22.28 Since the commencement of the water conservation sub-programme, substantial investment has been made in the fundamental infrastructure for water management, including the metering of supply input. Also, the methodology has been standardised. Arising from this, the reported figures now have an accuracy that the figures from earlier times could not have had.

22.29 By way of example, the Greater Dublin Water Supply Strategic Study (1996) estimated losses of 44% of total input, of which 39% was allocated to distribution losses and 5% allocated to customer losses. When the metering infrastructure was checked and upgraded during the water conservation project (around 2000) it was found that the original meter readings for flow into supply were incorrect, and that losses were actually higher than originally thought (giving the corrected estimate for that time of 42% distribution losses and 47% in total). Notwithstanding that the Dublin Region bulk metering infrastructure was considered reliable at the time, it was found to have inaccuracies that were subsequently corrected.

22.30 In terms of comparisons, the Accounting Officer pointed out that the Dublin supply is hugely significant, serving approximately one third of the population of the country. Consequently, the Dublin supply region reduction of distribution loss from 42% to 30% currently must reflect positively on the national average (and it is the corrected Dublin Region figure from 1995/96 that is most reliably reflective of the situation at that time).

22.31 A further observation by the Accounting Officer was that without investment the leakage situation will deteriorate as assets age. It follows that a certain level of investment is required even just to maintain the status quo.

22.32 The Accounting Officer stated that, outside of Dublin, most of the investment had been in water management systems, which while they had made a contribution to tackling leakage, were really the platform for the more intensive investment being rolled out for mains rehabilitation in the WSIP 2010 – 2012. She said that this investment in water management systems had contributed to greater efficiency in the supply system, which had been demonstrated during the two severe winters and flooding in Cork, when authorities had been better able to manage the rationing of supply and restoration of supply than they would have been a decade ago.

22.33 Finally, the Accounting Officer said that the need to focus on water conservation had been demonstrated through the development of service indicators, training in water conservation, development of guidance and work with the County and City Managers Association to streamline the approaches and accelerate work in this area.

Conclusion – Effectiveness of Supply System

UFW arises from factors such as leakage, poor service connections and metering errors. Average UFW levels in Ireland appear to be at levels twice the OECD average of 20%. While some caution needs to be applied in interpreting the results of a limited examination of water leakage carried out over 15 years ago, present-day losses may be, in many local authorities, as high as those found in the mid-1990's notwithstanding an investment of over €1 billion in water supply and conservation in the last ten years.

In the light of the potential cost of UFW it is necessary that the factors that give rise to UFW be reviewed and strategies and operational programmes to address the underlying issues contributing to the problem be re-evaluated.

Housing Finance

22.34 The Housing Finance Agency (HFA) was established as the provider of housing finance for local authorities, including finance for the purpose of land purchase by authorities for the development of social and affordable housing.

22.35 The Agency's function is to make loan finance available to local authorities and the voluntary housing sector, to be used by them for any purpose authorised by the Housing Acts, 1966 – 2009.

22.36 During 2010, the HFA was unable to secure financing on the international markets. The National Treasury Management Agency is now its principal provider of funds.

Loans by the Housing Finance Agency

22.37 In the case of development projects, the funding model envisaged advancing funds to local authorities for a five-year term on an interest only or rolled-up interest basis. It was generally assumed that within the five-year period the authority would have built the proposed project and recouped the cost (including the cost of redeeming the loan) from the Department of the Environment, Community and Local Government (in the case of social housing projects) or from funds released by sales to purchasers or a combination of both. The total outstanding loan book at end-December 2010 was €4.44 billion¹⁹⁶.

Figure 110 HFA outstanding loan balance, December 2010

Loans	€000
Loans approved before 27 May 1986	20,814
Loans approved after 27 May 1986	4,428,123
Total	4,448,937

Source: HFA Annual Report 2010

Local Authority Debt

22.38 The total value of loans advanced by the HFA at 31 December 2010 was €4.44 billion¹⁹⁷. Included in these, are loans advanced to local authorities for purposes of land acquisition for social and affordable housing. The amounts owing by local authorities in respect of these two categories stood at €63 million at 31 December 2010, of which €21.9 million was in respect of social housing and €40.6 million in respect of affordable housing.

¹⁹⁶ This was made up of loans that were approved before and after 1986. Loans to local authorities have been segregated into those approved pre and post 27 May 1986 as different credit risks applied to each. The vast bulk of loans are post 1986.

¹⁹⁷ HFA Annual Report 2010.

Loans for Land Acquisition

22.39 Between 1999 and 2010 loans to the value of €796 million were drawn by local authorities from the HFA for the acquisition of land of which €563 million was yet to mature at 31 December 2010.

22.40 Due to reduced demand for affordable homes and the shift towards more flexible forms of social housing delivery using existing residential stock, it is considered unlikely that all of the lands held by local authorities will be developed in the short to medium term.

22.41 In November 2009 the Department of the Environment, Community and Local Government proposed to the Department of Finance that, in view of the emerging problem with regard to the maturing of HFA loans for land acquisition taken out by housing authorities, a mechanism be put in place for the unwinding of the high level of such loans held by local authorities. This was to be effected through means of a Land Aggregation Scheme, the principal features of which would be

- The rolling over of matured or maturing loans in 2009 and 2010 into 2011 - €277 million of such loans existed.
- Identifying and mapping the lands held by each local authority, their potential for development, disposal or other use by the relevant local authority – this would be taken on by the National Building Agency (NBA) which was to be integrated with the Housing and Sustainable Communities Agency (HSCA).
- Initiation of a multi-year approach to unwinding the remaining loan book starting with a funding of €25 million in 2010 and approximately €50 million for each year thereafter. It was envisaged that this process was likely to extend considerably beyond 2016.

22.42 In February 2010, the Department of Finance approved this plan.

22.43 Under the Scheme, local authorities may, subject to approval from the Department of the Environment, Community and Local Government, transfer residential lands on which there are outstanding HFA loans to a new agency when the loans fall due for redemption and on the basis that there are no short to medium term plans for the development of the land.

Establishment of New Agency

22.44 A limited company, Housing and Sustainable Communities Ltd (HSC Ltd), has been established as a subsidiary of the NBA. This company manages land transferred to it by local authorities under the Land Aggregation Scheme. Ultimately it is planned to establish a single housing agency – the Housing and Sustainable Communities Agency incorporating the functions of the NBA, the Affordable Homes Partnership and the Centre for Housing Research.

22.45 Where land is to be transferred to HSC Ltd it is intended that the local authority will redeem the HFA loan from voted funds in advance of the transfer. The scheme makes HSC Ltd responsible for the management and maintenance of lands transferred under the scheme. The full capital amount borrowed from the HFA together with the interest rolled up with the loan will be provided by the Department of the Environment, Community and Local Government.

22.46 Local authorities had applied to the Department to transfer land in respect of 100 sites to the HSC Ltd by May 2011. In loan value these applications totalled €210 million and related to 337 hectares of land. A further two sites had been proposed for transfer by the NBA with a loan value of €4.2 million and accounting for 5.5 hectares.

22.47 At 20 May 2011, the Department had approved and paid for just over €63 million of loan assets, including €170,300 in respect of administration costs for 21 of the sites. Two further sites, with a loan value of €8.5 million have been approved and placed on a waiting list pending availability of funds.

22.48 Four sites have transferred to the new agency which has taken full ownership of the properties. For the remaining 17 properties, the loans have been redeemed from the HFA and the process of transferring the land is underway. Following transfer of the land, the agency is required to prepare a report and implement a strategy for the management, utilisation and ultimate development of the land.

Conclusion – Loans for Land Acquisition and Affordable Housing

€63 million is owing from the local authorities to the HFA in respect of loans to acquire land and housing. Much of this investment cannot be utilised in the short-term and the State has begun to make funds available from the vote for the Department of Environment, Community and Local Government towards eliminating local authority debt.

Conclusion

The cost of public services provided by local authorities was €9.2 billion in 2009. Around 55% of the overall cost is provided annually from central Government transfers to those authorities.

In the period 2000 – 2010, over €2 billion, or 40% of the total water services investment programme of €5.6 billion in that time, has been applied to investment in water supply and conservation. Indications from sampling by local authorities shows that water quality is generally static or improving slightly in public water systems but is showing most improvement in the private water schemes. However, public water losses as a result of leaks, poor service connections and metering errors remain high. Such losses, running at twice the OECD average of 20%, have not been formally costed by local authorities.

The current economic climate has made it necessary for central Government to intervene in facilitating the orderly repayment and, ultimately, wind-down, of local authority borrowings for the acquisition of housing land. Outstanding loans amounted to €63 million at 31 December 2010. A new limited company has been established in which the property will be vested following the repayment of the debt by the Department of the Environment, Community and Local Government. It is planned that a State agency will be formed, incorporating the responsibilities of the various State housing bodies. In the meanwhile, a company has been established to manage property that is surplus to requirements. The company is 100% owned by the Minister for Finance. It is not audited by me. This has the consequence that its results do not come within the terms of reference of the Committee of Public Accounts.

There is likely to be considerable financial impairment of the related assets whether held by local authorities or the new vehicle established by the Department.

There is an apparent need to ensure that the financial impact is disclosed transparently and an accountable process established so that Dáil Éireann can be in a position to review this considerable emergent liability.

Annex A Unaccounted for Water as a Percentage of Total Volume of Water Supplied 2008 and 2009

	2008	2009	+/-	% change
	%	%	%	
Carlow County Council	40.00	40.57	-0.57	-1.4
Cavan County Council	44.70	36.83	7.87	17.6
Clare County Council	35.47	38.11	-2.64	-7.4
Cork City Council	52.93	51.51	1.42	2.7
Cork County Council	44.40	47.40	-3.00	-6.8
Donegal County Council	43.34	45.50	-2.16	-5.0
Dublin City Council	36.00	43.05	-7.05	-19.6
Dun Laoghaire Rathdown County Council	29.00	29.25	-0.25	-0.9
Fingal County Council	21.61	27.35	-5.74	-26.6
Galway City Council	49.12	47.42	1.70	3.5
Galway County Council	49.46	47.87	1.59	3.2
Kerry County Council	47.98	48.72	-0.74	-1.5
Kildare County Council	26.37	26.60	-0.23	-0.9
Kilkenny County Council	56.79	48.22	8.57	15.1
Laois County Council	32.44	34.10	-1.66	-5.1
Leitrim County Council	36.51	35.69	0.82	2.2
Limerick City Council	47.89	58.50	-10.61	-22.2
Limerick County Council	16.83	34.85	-18.02	-107.1
Longford County Council	42.18	45.30	-3.12	-7.4
Louth County Council	44.19	47.14	-2.95	-6.7
Mayo County Council	43.00	45.88	-2.88	-6.7
Meath County Council	47.57	46.64	0.93	2.0
Monaghan County Council	43.27	31.75	11.52	26.6
North Tipperary County Council	49.52	48.18	1.34	2.7
Offaly County Council	50.87	48.84	2.03	4.0
Roscommon County Council	58.60	55.59	3.01	5.1
Sligo County Council	44.12	43.00	1.12	2.5
South Dublin County Council	19.79	21.45	-1.66	-8.4
South Tipperary County Council	55.43	53.47	1.96	3.5
Waterford City Council	43.60	46.58	-2.98	-6.8
Waterford County Council	31.83	29.03	2.80	8.8
Westmeath County Council	45.74	43.81	1.93	4.2
Wexford County Council	38.88	37.44	1.44	3.7
Wicklow County Council	31.34	24.84	6.50	20.7

