

Vote 30: Communications, Energy and Natural Resources

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 2010 for the salaries and expenses of the Office of the Minister for Communications, Energy and Natural Resources, including certain services administered by that Office, and for payment of certain grants and sundry grants-in-aid and for the payment of certain grants under cash-limited schemes.

The expenditure outturn is compared with the sums

- (a) granted by Dáil Eireann under the Appropriation Act 2010, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- (b) provided for capital supply services in 2010 out of unspent 2009 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the Account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of Appropriation Accounts have been applied in the preparation of the Account.

Capital Assets

Motor vehicles are depreciated over 5 years at 20% per year. Certain Office/IT Equipment and Specialist Equipment Assets are depreciated over 10 years at 10% per year, while others are depreciated over 5 years at 20% per year.

Along with the Account, I have submitted a statement in the standard format on the system of internal financial control that operates in the Department of Communications, Energy and Natural Resources.

Financial Skills Training

In 2010, the Department continued to focus on building financial management and reporting competence. This focused approach has contributed to further strengthening of the business planning and financial reporting processes. It has also served to embed the Public Financial Procedures as well as furthering organisational effectiveness and evidence based policy making decisions. Detailed monthly reporting to the Management Committee, combining key financial and non-financial information, is in place. This enables increased performance analysis capability to measure outputs, efficiency and value for money, through proper development of the Department's resources.

Risk Management

The Department operates a Risk Management System which is part of the business planning process for all divisions. The purpose of the system is to identify and assess risks and to outline measures to control and manage the risks to which the Department may be exposed. The Risk Management System is reviewed on an ongoing basis.

AIDAN DUNNING

Accounting Officer

Department of Communications, Energy and Natural Resources

31 March 2011

Certificate of the Comptroller and Auditor General

I have audited the Appropriation Account of Vote 30: Communications, Energy and Natural Resources for 2010 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 Communications, Energy and Natural Resources. 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 2010.

Chapter 25 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
31 August 2011

Vote 30 Communications, Energy and Natural Resources Appropriation Account 2010

Service	2010 Estimate provision	2010 Outturn	2009 Outturn
	€000	€000	€000
Administration			
A.1. Salaries, wages and allowances	16,295	15,668	18,011
A.2. Travel and subsistence	801	530	504
A.3. Incidental expenses	1,495	1,079	1,130
A.4. Postal and telecommunication services	787	424	453
A.5. Office machinery and other office equipment and related services	4,236	2,569	3,163
A.6. Office premises expenses	1,289	846	1,158
A.7. Consultancy services	1,771	1,245	739
A.8. Equipment, stores and maintenance	154	103	188
A.9. Value for money and policy reviews	10	1	12
Communications			
B.1. Information and communications technology programme			
<i>Current Year Provision</i>	45,138		
<i>Deferred surrender</i>	14,290		
	59,428	49,776	40,021
B.2. Multimedia developments	7,554	7,950	5,544
B.3. RAPID programme (dormant accounts allocation)	370	—	774
B.4. Information society and eInclusion	450	113	812

Service	2010 Estimate provision €000	2010 Outturn €000	2009 Outturn €000
Broadcasting			
C.1. Grant to Radio Telefís Éireann for broadcasting licence fees (grant-in-aid)	195,000	195,000	204,255
C.2. Payment to An Post for collection of broadcasting licence fees	12,452	11,943	12,444
C.3. Deontas i leith Theilifís na Gaeilge (deontas-i-gcabhair)	34,050	34,050	36,133
C.4. Broadcasting Fund	14,678	14,678	11,888
C.5. Grants for digital terrestrial television	50	50	—
— <i>Broadcasting Commission of Ireland (grant-in-aid)</i>	—	—	4,550
Energy			
D.1. Sustainable Energy Ireland - administration and general expenses (grant-in-aid)	7,808	7,491	8,350
D.2. Sustainable energy programmes (cash - limited)	105,136	100,953	59,267
D.3. Energy research programmes (cash - limited)	12,906	7,356	12,224
	<i>Current Year Provision</i>		
	<i>Deferred Surrender</i>	14,337	7,356
D.4. Strategic energy infrastructure	1	—	—
— <i>Energy efficiency awareness initiatives</i>	—	—	890
Natural Resources			
E.1. Petroleum services	5,367	5,378	755
E.2. Mining services	6,710	1,960	3,676
E.3. GSI services	540	270	157
E.4. Geoscience initiatives	4,285	3,262	1,127
E.5. National seabed survey	2,992	3,002	3,525
E.6. Ordnance Survey Ireland (grant-in-aid)	4,985	4,985	5,087

Service		2010 Estimate provision	2010 Outturn	2009 Outturn
	€000	€000	€000	€000
Service				
Inland Fisheries				
F. Inland fisheries		29,611	28,736	31,455
— <i>Salmon conservation</i>		—	—	4,612
Miscellaneous				
G.1. Subscriptions to international organisations		467	373	296
G.2. Change management fund for non-commercial bodies funded by the department		1	—	—
G.3. Gas services		32	32	32
G.4. Other services		501	—	—
Gross Expenditure				
	<i>Current year provision</i>	517,922		
	<i>Deferred surrender</i>	<u>15,721</u>		
		533,643	499,823	473,232
Deduct				
H. Appropriations-in-aid		<u>244,907</u>	<u>244,003</u>	<u>240,699</u>
Net Expenditure				
	<i>Current year provision</i>	273,015		
	<i>Deferred surrender</i>	<u>15,721</u>		
		288,736	255,820	232,533
Surplus for the year			€32,916,036	€45,966,738
Deferred surrender			—	€15,721,000
Surplus to be surrendered			<u>€32,916,036</u>	<u>€30,245,738</u>

Notes to the Appropriation Account

1 Operating Cost Statement 2010

	Note	€000	2010 €000	2009 €000
Expenditure on administration			22,465	25,358
Expenditure on services and programmes			477,358	447,874
Gross expenditure			499,823	473,232
Deduct				
Appropriations-in-aid			244,003	240,699
Net expenditure			255,820	232,533
Changes in capital assets				
Purchases Cash		(157)		
Depreciation		2,435		
Proceeds of Disposals		1		
Loss on Disposals		5	2,284	2,316
Changes in assets under development				
Cash payments			(197)	(6)
Changes in net current assets				
Decrease in closing accruals		(820)		
Decrease in stock		30	(790)	113
Direct expenditure			257,117	234,956
Net allied services expenditure	1.1		12,676	15,438
Notional rents			2,820	3,501
Total operating cost			272,613	253,895

1.1 Net Allied Services

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

Vote		2010 €000	2009 €000
7	Superannuation and Retired Allowances	8,303	10,326
9	Office of the Revenue Commissioners	334	363
10	Office of Public Works	3,706	4,442
20	Garda Síochána	193	167
	Central Fund - Ministerial etc. pensions	140	140
		12,676	15,438

2 Statement of Assets and Liabilities as at 31 December 2010

	Note	2010 €000	2009 €000
Capital Assets	2.1	7,690	8,387
Capital Assets under Development	2.2	203	6
		7,893	8,393
Current Assets			
Bank and cash	2.3	155	20,560
Stocks	2.4	342	372
Prepayments		810	866
Accrued income		1,552	867
Other debit balances	2.5	83	237
Total Current Assets		2,942	22,902
Less Current Liabilities			
Accrued expenses		125	316
Other credit balances	2.6	1,279	1,367
Net Liability to/(from) the Exchequer	2.7	(1,041)	19,430
Total Current Liabilities		363	21,113
Net Current Assets		2,579	1,789
Net Assets		10,472	10,182

2.1 Capital Assets

	Land and Buildings	Office Furniture	Office/IT Equipment	Specialist Equipment and Motor Vehicles	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2010	859	1,663	20,261	3,511	26,294
Reclassification	—	—	(247)	247	—
Transfer to Department of Transport	—	(421)	(351)	—	(772)
Transfer from Department of the Taoiseach	—	—	73	—	73
Additions	—	1	153	3	157
Disposals	—	(4)	(57)	(14)	(75)
Cost or valuation at 31 December 2010	859	1,239	19,832	3,747	25,677
Accumulated Depreciation					
Opening balance at 1 January 2010	—	1,413	14,543	1,951	17,907
Depreciation on transfer to Department of Transport	—	(329)	(339)	—	(668)
Depreciation on transfer from Department of the Taoiseach	—	—	44	—	44
Prior year adjustment	—	(98)	(1,612)	48	(1,662)
Depreciation for the year	—	72	1,788	575	2,435
Depreciation on disposals	—	(3)	(52)	(14)	(69)
Cumulative depreciation at 31 December 2010	—	1,055	14,372	2,560	17,987
Net Assets at 31 December 2010	859	184	5,460	1,187	7,690
Net Assets at 31 December 2009	859	250	5,718	1,560	8,387

Notes:

(a) The following fisheries are not included in capital assets but are owned by the Minister and are managed by Inland Fisheries Ireland.

- (i) Galway
- (ii) Owenea/Owentocker

(b) Land and Buildings relates to the GPO Henry Street Arcade.

(c) The Departments main relational data base, CONOR (Centrally Organise Network of Resources), was reclassified as Specialised Equipment.

(d) Transfers of assets to the Department of Transport relate to Office Furniture and Equipment located in its premises in Leeson Lane, that was taken over by the Department of Transport.

(e) Three items of IT equipment were transferred from the Department of the Taoiseach.

(f) The prior year adjustment is necessary to correct a double charge to depreciation on assets transferred from Assets under Development in 2007.

(g) The Minister for Communications, Energy and Natural Resources has a beneficial interest in Metropolitan Area Networks, the construction of which was funded jointly with certain local authorities and the European Regional Development Fund. This interest has not been recognised as an asset in the Statement of Capital Assets.

2.2 Capital Assets under Development

	Computer Applications and Research
	€000
Amounts brought forward at 1 January 2010	6
Cash payments for the year	197
Transferred to asset register	—
Amounts carried forward at 31 December 2010	<u>203</u>

2.3 Bank and Cash

	2010	2009
	€000	€000
at 31 December		
PMG balances and cash	1,449	21,784
Orders outstanding	(1,294)	(1,224)
	<u>155</u>	<u>20,560</u>

2.4 Stocks

	2010	2009
	€000	€000
at 31 December		
IT equipment	43	59
Geological Survey of Ireland	283	297
Stationery	16	16
	<u>342</u>	<u>372</u>

2.5 Other Debit Balances

	2010	2009
	€000	€000
at 31 December		
Suspense	83	237
	<u>83</u>	<u>237</u>

2.6 Other Credit Balances	2010	2009
at 31 December	€000	€000
Amounts due to the State		
Withholding Tax	175	323
Value Added Tax	144	85
Voluntary surrender of pay	—	53
	<u>319</u>	<u>461</u>
Suspense	960	906
	<u>1,279</u>	<u>1,367</u>
	<u><u>1,279</u></u>	<u><u>1,367</u></u>
2.7 Net Liability (from)/to the Exchequer	2010	2009
at 31 December	€000	€000
Surplus to be surrendered	32,916	30,246
Deferred surrender	—	15,721
Exchequer grant undrawn	(33,957)	(26,537)
Net liability (from)/to the Exchequer	<u>(1,041)</u>	<u>19,430</u>
	<u><u>(1,041)</u></u>	<u><u>19,430</u></u>
Represented by:		
Debtors		
Bank and cash	155	20,560
Debit balances: suspense	83	237
	<u>238</u>	<u>20,797</u>
Creditors		
Due to State	(319)	(461)
Credit balances: suspense	(960)	(906)
	<u>(1,279)</u>	<u>(1,367)</u>
	<u><u>(1,041)</u></u>	<u><u>19,430</u></u>
2.8 Commitments	2010	2009
(a) Global Commitments	€000	€000
Total of legally enforceable commitments	6,668	1,087

(b) Multi-Annual Capital Projects

Project	Expenditure to 31 December 2009	Expenditure in 2010	Subsequent Years	Total
	€000	€000	€000	€000
ICT programmes	215,191	39,219	43,405	297,815
Multimedia developments	13,383	6,390	6,106	25,879
Sustainable energy programmes	13,057	11,056	24,998	49,111
Energy research programmes	34,110	3,473	6,237	43,820
Mining services	8,569	1,274	1,520	11,363
Geoscience initiatives	5,164	3,241	7,139	15,544
National seabed survey	17,568	3,014	6,978	27,560
TG4	—	1,800	8,450	10,250
Inland fisheries	—	1,457	1,949	3,406
	307,042	70,924	106,782	484,748

Expenditure figures for 2010 and prior years relate only to projects with future legally binding commitments. In relation to Sustainable Energy Programmes, expenditure figures include the National Energy Retrofit Programme but not the Home Energy Savings Scheme or the Warmer Homes Scheme. Activities in relation to these schemes are now funded under the National Retrofit Scheme and this is reflected in commitments figures for subsequent years.

2.9 Contingent Liability

There is potential for financial liabilities to arise in 2011 and forward years depending on the outcomes of current, pending and possible future EU and other legal actions. The amounts involved cannot be determined at this point.

3 Variations in Expenditure

An explanation is provided below in the case of each expenditure subhead where the outturn varied from the amount provided by more than €100,000 and by more than 5% (25% in the case of administration subheads).

Sub-head	Less/(more) than provided €000	Explanation
A.2.	271	The variance arose due to lower than anticipated levels of official travel and the Department's efforts to reduce overall administrative expenditure.
A.3.	416	The variance arose due to lower than anticipated expenditure in relation to the Moriarty Tribunal, Staff Training and the Department's efforts to reduce overall administrative expenditure.
A.4.	363	The variance arose due to credits being received from An Post (once off) and the introduction of cost saving measures.
A.5.	1,667	The variance reflects the Department's efforts to reduce IT and associated costs and some development projects and hardware refurbishment projects being deferred.
A.6.	443	The variance arose as a result of the Department's efforts to reduce overall administrative expenditure.
A.7.	526	The variance arose due to some consultancies not going ahead and the Department's efforts to reduce overall expenditure on consultancy services.
B.1.	9,652	Savings arose due to delays in the submission of retention claims by some local authorities and no expenditure on a MANS III Programme.
B.2.	(396)	Additional expenditure arose in relation to essential repairs to protected structures.
B.3.	370	This programme has ended and no expenditure was incurred in 2010.
B.4.	337	Savings due to use of a competitive tendering process and delays in the commencement of some projects.
D.3.	6,981	Savings due to delays in the commencement of the programme due to technical issues and the inability of some commercial partners to secure funding.
E.2.	4,750	The underspend arose due to a delay in the completion of an environmental impact assessment and fewer compensation claims than anticipated progressing to payment stage.
E.3.	270	Savings arose due to less progress than anticipated in a number of projects.
E.4.	1,023	Savings arose due to less progress than anticipated in a number of projects.
G.4.	501	Savings arose as the capital contingency funds were not required in 2010.

4 Receipts

4.1 Appropriations-in-aid	2010	2010	2009
	Estimated €000	Realised €000	Realised €000
1. Proceeds of fines and forfeitures in respect of fishery offences	50	45	35
2. Receipts under the Minerals Development Act, 1940 and the Petroleum and Other Minerals Act, 1960	11,068	9,300	7,167
3. Petroleum Infrastructure Support Group	5,166	5,227	723
4. Broadcasting licence fees	222,130	222,376	226,207
5. Geological Survey Ireland income	400	627	330
6. Rent on properties in GPO	223	230	224
7. RAPID programme (dormant accounts allocation)	370	—	774
8. Miscellaneous	1,500	1,839	1,493
9. Receipts from pension-related deduction on public service remuneration	4,000	4,359	3,746
Total	244,907	244,003	240,699

Miscellaneous

	2010 €000	2009 €000
Pension contribution from Sustainable Energy Ireland	210	505
Pension contribution from Broadcasting Commission of Ireland	421	—
Pension contribution from Digital Hub Development Agency	136	305
Costs recovered from other bodies	246	251
Corrib verification process	—	171
Royalties in respect of Metropolitan Area Networks	786	207
Other	40	54
Total	1,839	1,493

Explanation of significant variations

An explanation is provided below in the case of each heading where the outturn varied from the amount estimated by more than €100,000, and by more than 5%.

Heading	Less/(more) than estimated €000	Explanation
2.	1,768	Shortfall due to a number of exploration licences being relinquished during the year resulting in a reduction of rental income billed.
4.	(246)	Broadcasting licence fees are dependent on television licence sales and it is not possible to estimate precisely the level of receipts.
5.	(227)	Surplus due to more progress than anticipated on a number of projects.
7.	370	This programme has ended and drawdown of funds was not required in 2010.
8.	(339)	Surplus due to an increase in royalties in respect of the MANS.
9.	(359)	Receipts were higher than anticipated.

4.2 Extra receipts payable to the Exchequer

	2010 €000	2009 €000
Voluntary surrender of pay	—	53
Total	—	53

5 Employee Numbers and Pay

	2010	2009
Number of staff at year end (full time equivalents)	263	271
	2010	2009
	€000	€000
Pay	15,089	17,423
Higher, special or additional duties allowances	170	175
Other allowances	—	—
Overtime	55	61
Employer's PRSI	709	824
Total pay	16,023	18,483

Note: The total pay figure includes elements of pay from A.1, E.3 and E.5.

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2010 €	Maximum individual payment 2009 €
Higher, special or additional duties	9	3	20,635	21,699
Other allowances	62	—	6,765	13,216
Overtime	11	1	13,092	24,902

Note: Certain individuals received extra remuneration in more than one category.

5.2 Performance and Merit Payments

Merit payments amounted to €45 in 2010 which was in respect of 2009.

5.3 Other Remuneration Arrangements

€35,723 was paid to a retired civil servant in receipt of a civil service pension who was re-engaged on a fee basis.

6 Miscellaneous Items

6.1 EU Funding

The outturn shown for Subhead B.1. for 2010 includes expenditure which was co-financed from the European Regional Development Fund.

6.2 Commissions and Inquiries

€358,767 (2009: €458,147) was paid in respect of various expenses arising out of the Department's involvement in the Moriarty Tribunal.

6.3 Other Miscellaneous

A sum of €3,687,000 was written-off in relation to the replica famine ship Dunbrody. It was not deemed necessary to assign the debenture associated with the loan elsewhere as the State maintains a charge over the ship through Fáilte Ireland.

A payment of €55,000 was paid in settlement of a legal claim by a former employee.

An ex-gratia payment of €46,959 was made to a former employee in respect of agreed retirement benefits.

A payment of €75,000 was made in settlement of a legal claim by a broadband service provider.

6.4 Petroleum Infrastructure Programme Fund

Statement of the receipts and payments of the Petroleum Infrastructure Programme Fund for the year ended 31 December 2010

	2010	2009
	€000	€000
Balance at 1 January	1,677	1,137
Receipts	5,245	706
Payments	(359)	(166)
Balance at 31 December	<u>6,563</u>	<u>1,677</u>

The Petroleum Infrastructure Programme (PIP) was established in 1997 and is funded by oil companies with offshore exploration licences issued by Petroleum Affairs Division. Its aim is to promote hydrocarbon exploration and development activities by strengthening local support structures, funding of research data gatherings and "land based" research in Irish offshore areas and provides a forum for co-operation amongst explorationists and researchers. Receipts in relation to the PIPF are recorded as appropriations-in-aid and paid into the fund via Subhead E.1.

The fund is administered by Petroleum Affairs Division.