



PUBLIC ACCOUNTS COMMITTEE

10th NOVEMBER, 2011

BRIEFING DOCUMENT

CONSIDERATION OF 2010 ESTIMATES

**VOTE 35: Department of Tourism, Culture
and Sport**

Chapter 30: Sports Capital Programme

Chapter 31: National Sports Campus

VOTE 35: Department of Tourism, Culture and Sport

Financial provision for the tourism and sport sectors previously set out in Vote 35 are now incorporated in the Revised Estimates for Public Services 2011 in Vote 32 relating to the department of Transport, Tourism and Sport following the realignment this year of Departmental responsibilities. The latest financial allocations and the corresponding 2010 outturn figures are set out in the following table.

	2010 Outturn €000	2011 Allocation €000
Subhead G.1 Failte Ireland – (Grant- in-Aid) (formerly Subhead B.1 in Vote 35)	<i>Current</i> 66,016 <i>Capital</i> 1,000	<i>Current</i> 62,622 <i>Capital</i> 1,000
Sub-total	67,016	63,622
Subhead G.2 Tourism Ireland Limited – Grant for Administration and General Expenses (formerly Subhead B.2 in Vote 35)	<i>Current</i> 18,740	<i>Current</i> 17,006
Subhead G.3 Shannon Free Airport Development Company Ltd (Tourism Development) (Grant-in-Aid) (formerly Subhead B.3 in Vote 35)	<i>Current</i> 831	<i>Current</i> 786
Subhead G.4 Tourism Marketing Fund (Grant-in-Aid Fund) (formerly Subhead B.4 in Vote 35)	<i>Current</i> 44,250	<i>Current</i> 41,383
Subhead G.5 Tourism Product Development (Grant-in- Aid Fund) (formerly Subhead B.5 in Vote 35)	<i>Capital</i> 10,000	<i>Capital</i> 24,790
Subhead H.1 Grants for Sporting Bodies and the Provision of sports and Recreational Facilities (Part Funded by National Lottery) (formerly Subhead C.1 in Vote 35) Capital Carryover	<i>Capital</i> 50,042	<i>Capital</i> 28,000 5,000
Subhead H.2 Grants for Provision and Renovation of Swimming Pools (formerly Subhead C.2 in Vote 35)	<i>Capital</i> 3,122	<i>Capital</i> 6,650
Subhead H.3 Irish Sports Council (Grant-in-Aid) (Part funded by National Lottery) (formerly Subhead C.3 in Vote 35)	<i>Current</i> 49,572	<i>Current</i> 46,837
Subhead H.4 National Sports Campus (formerly Subhead C.4 in Vote 35)	<i>Current</i> 4,112 <i>Capital</i> 1,347	<i>Current</i> 1,498 <i>Capital</i> 3,500
Sub-total	5,459	4,998

Subhead H.5 Lansdowne Road (formerly Subhead C.5 in Vote 35)	<i>Capital</i> 4,451	0
Subhead H.6 Grants to Support Sport in disadvantaged Areas (Dormant Accounts Funding) (formerly Subhead .6 in Vote)	<i>Current</i> 395	0

Tourism

Tourism Performance

2010/2011

The 2010 Central Statistics Office (CSO) figures show that 6.037 million overseas visitors came to Ireland – a decrease of -12.9% on 2009 figures.

Latest Position - 2011 Performance to date (Jan-Aug '11)

- Trips to Ireland for the first eight months of 2011 were up by 11 % compared to the corresponding period in 2010. There were 4,481,800 overseas visitors to Ireland during the eight-month period.
- Visitors from Mainland Europe were up by 13% for the first eight months of 2011 compared to the same period in 2010 (1,557,700 visitors).
- The number of visitors from Britain for the first eight months of 2011 was up by 8.3% compared to the same period in 2010 (1,972,600 visitors).
- Visitors from North America were up by 12.6 % for the first eight months compared to the corresponding period in 2010, with a total of 711,400 visitors.
- Trips abroad by Irish residents decreased by 4.1% for the first eight months of 2011 compared to the corresponding period in 2010. There have been 4,457,500 trips abroad by Irish residents in the first eight months of 2011.

Sport

Sports Capital Programme

Under the Sports Capital Programme, funding is allocated towards the provision of sports facilities at national, regional and local level. It is the primary vehicle for promoting the development of sports and recreational facilities in Ireland.

Over 7,500 projects providing a range of essential sports facilities have now benefited from sports capital funding since 1998 bringing the total allocation in that time to over €746 million. These grants continue to play a pivotal role in ensuring the provision of modern, high quality facilities around Ireland that attract more people to participate in sporting activities.

Local Authority Swimming Pool Programme

Under the Local Authority Swimming Pool Programme, grant aid to a maximum of €3.8 million is provided to Local Authorities towards the capital costs of new swimming pools or the refurbishment of existing pools. Since 2000, 58 projects have or are being dealt with under the Local Authority Swimming Pool Programme of which 46 have been completed and the other 12 projects are at various stages of the Programme. The total expenditure of €146.21m under the Programme from 2000 to October 2011 has leveraged a total investment of some €412m in respect of pools approved grant aid.

Irish Sports Council

Since it was established in 1999, the Irish Sports Council has received over €462m in Government funding. The Council has been central to developing sporting ability at the elite level, while at the same time driving participation levels in conjunction with the national governing bodies of sport, local sports partnerships, the Irish Institute of Sport Coaching Ireland and the Olympic and Paralympic Councils.

The funding to the Irish Sports Council contributed towards a number of milestone sporting achievements. In sports supported by the ISC, Irish athletes and teams have won 56 medals at major international championships this year, up from 31 medals in 2010. This reflects the depth and scope of progress in high performance sport over the last number of years.

National Sports Campus

While the National Aquatic Centre, the first element of the Sports Campus, was opened in March 2003 in time for the Special Olympics World Games, further development of the project has been slow. In 2009, planning permission was secured for Phase 1 of the project, however, the difficult economic situation has not allowed for much progress since then.

In June 2011, the Government approved the Minister's strategy for developing the National Sports Campus. This strategy includes proposals for proceeding with the incremental development of facilities and a partnership development strategy with the main field sports - the GAA, FAI, IRFU and the Irish Hockey Association. The National Sports Campus Development Authority has been tasked with progressing those proposals. The Government also approved the transfer of the lands at Abbotstown from the Minister for Agriculture, Fisheries and Food, who is currently the legal owner of the site, to the National Sports Campus Development Authority. The Department of Agriculture is in the process of transferring the land and it is expected that the transfer will be completed by the end of the year.

Chapter 30 – Sports Capital Programme

As set out in the C&AG's report new procedures implemented by the Department should mitigate the risk of grants not being applied for the purpose for which they are intended (page 438)

Documentation is being prepared on 4 cases for transmission to the Gardaí. It is anticipated that letters will issue to the Garda Commissioner on these cases in the coming weeks (paragraph 30.30)

Status of the Internal Audit Report into Sports Capital Funding to Basketball Ireland (paragraph 30.14)

When the Sport and Tourism functions of the previous Department of Tourism, Culture and Sport were transferred to the Department of Transport, Tourism and Sport the draft Internal Audit Report had not been completed. The current position regarding the finalisation of the draft report is as follows:

- The Department of Transport, Tourism and Sport and Department of Arts, Heritage and the Gaeltacht have agreed that the Internal Audit Unit in D/TTAS will finalise the report with the assistance and support of the lead auditor who prepared the draft.
- The auditor who drafted the report has now provided some further input and this is under consideration in D/TTAS.
- It is our expectation that a final report will be presented to the DTTAS Audit Committee at its meeting scheduled for 6th December 2011

Chapter 31 – National Sports Campus

Chapter 31 of the C&AG's Annual Report outlines the extent to which the development of the National Sports Campus has been implemented and issues arising from the development of the National Aquatic Centre.

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The C&AG's Report refers to the legal case taken against Dublin Waterworld for non-payment of VAT and other matters. The Secretary General of the former Department of Tourism, Culture and Sport has previously responded in detail to correspondence from the Committee in relation to these matters.

The Committee will be aware that these matters have been dealt with by the Courts.

The issue of the VAT charge on the lease of the National Aquatic Centre formed part of a Statement of Claim lodged by Campus and Stadium Ireland Development Ltd (CSID) against Dublin Waterworld in the High Court for forfeiture of the lease. Forfeiture of the lease was subsequently granted by the High Court and the National Aquatic Centre was returned to the control of CSID.

The VAT issue was referred by the High Court to arbitration. The Arbitrator held with CSID and the High Court upheld the Arbitrator's decision. Following appeal, the Supreme Court set aside the Arbitrator's decision that VAT was due and that judgment has been accepted by the National Sports Campus Development Authority (which succeeded CSID).

It is important also to put Mr Moriarty's correspondence with the Committee and the Department in context. His company, Dublin Waterworld Ltd, transferred the beneficial ownership of the lease at the National Aquatic Centre to a private individual, Mr Pat Mulcair, on the same day it entered the lease with CSID. This was done without the knowledge or consent of CSID in contravention of the terms of the lease. This resulted in the High Court ordering the return of the National Aquatic Centre to the control of CSID.

The High Court judge made the following comment - "I take the view that the defendant wilfully declined to honour its obligations pursuant to the lease of the 30th of April 2003, where it knew it would be taking the lease in trust for Mr Mulcair and that he would be the operator of the Centre, knew it was not going to trade, declined to meet its various financial obligations save the payment of one insurance premium, declined to pay the capital contribution broken down into five annual payments of £100,000 each, declined to provide audited accounts on time, declined to set up the sinking fund and declined to enter into discussion for the purpose of agreeing a capital maintenance programme".

Since the National Aquatic Centre was restored to the ownership of the State on 1 December 2006 every effort has been made by CSID/NSCDA to restore it to its original world class standard with the result that in 2010 the Centre was the third most popular paying visitor attraction in Ireland.