



PUBLIC ACCOUNTS COMMITTEE

10th NOVEMBER, 2011

OPENING STATEMENT OF ACCOUNTING OFFICER

**(Mr Tom O'Mahony, Secretary General,
Department of Transport, Tourism and Sport)**

CONSIDERATION OF 2010 ESTIMATES

VOTE 35: Department of Tourism, Culture and Sport

Chapter 30: Sports Capital Programme

Chapter 31: National Sports Campus

Chairman

As you requested, I sent advance briefing to the Committee last week and I will therefore keep my Opening Statement short.

The Vote which is under scrutiny at today's meeting was the responsibility of the Department of Tourism, Culture and Sport in the period in question. On the change of Government last March, the Tourism and Sport functions of that Department were merged with the Department of Transport, of which I was already the Secretary General, to form the new Department of Transport, Tourism and Sport. As a result, I have inherited the Accounting Officer role for the 2010 expenditure on tourism and sport, and in relation to the issues that are examined in Chapters 30 and 31 of the C&AG's report.

The advance briefing material starts with a Table which provides a breakdown of Exchequer expenditure on tourism and sport in 2010 and the amounts allocated for 2011. The total for tourism was just under €141m in 2010 and almost €148m in 2011. The total for sport was €113m in 2010 and over €91m in 2011, including a capital carryover of €5m.

On tourism performance, the material provides data to show that visitor numbers are recovering well this year and it looks as if we will come close to retrieving all of the traffic that was lost last year.

The material then explains the various categories of expenditure on sport and updates the Committee on the Government's recent decision on the Minister's strategy for developing the National Sports Campus.

There are two chapters on sports issues in the C&AG's report, and the advance material also summarises the position on these.

As regards Chapter 30, on the Sports Capital Programme, the C&AG reports on a number of cases where the Department's own inspection system found that certain grant recipients had not complied properly with the conditions of the scheme. One case resulted in the then Accounting Officer requesting his Internal Audit Unit to report on all payments made to the body in question. That report had been drafted, but not finalised, when the changeover of Departments took place. The Internal Audit Unit of my Department is now completing the report with the assistance of the auditor who did the original work.

Since December 2010, revised procedures have been put in place to reduce the scope for grants to be used other than for the purpose for which they were awarded, and I note that the C&AG acknowledges this in his report.

Chapter 31 of the report deals with the development to date of the National Sports Campus and refers in particular to two legal cases. In the first case, one of the underbidders for the award of the contract for the National Aquatic Centre in 2001, sought a judicial review of the outcome in the High Court. This case was settled, without any admission of liability. I should point out that the procurement of the Centre was already investigated by the Attorney General in 2002; the report was

given to the Committee of Public Accounts in the context of its examination of the Directors' Report and Financial Statements of the Campus and Stadium Ireland Development Company. The Committee had extensive hearings but did not make any findings or recommendations.

The second case involved Dublin Waterworld and a VAT liability in relation to the National Aquatic Centre. I am aware that the previous Accounting Officer responded in detail to correspondence from the Committee on these issues.

In preparation for today's meeting, I have examined documentation that shows that the position taken by the then Department and by Campus and Stadium Ireland Development Company (which I will refer to as Campus, for convenience) was in accordance with legal and financial advice and with the Revenue Commissioners' then guidelines on how the VAT regulations were to be interpreted. On foot of this, Campus included a claim for payment of the VAT among a range of issues in a High Court case which it took against Dublin Waterworld. The High Court referred the VAT issue to arbitration, and found for Campus on the other key issues in the claim. On the VAT issue, the arbitrator held with Campus and the High Court upheld his decision. However, the Supreme Court last year held that the arbitrator had erred in law and referred the case back to arbitration. The Campus Authority at that point, having taken further advice, decided to withdraw from the arbitration process and are therefore no longer pursuing the VAT issue. I should point out that one consequence of the Supreme Court decision was that Revenue's interpretation of the VAT regulation, which had been an important factor in Campus's approach up to that point, was now found to be incorrect.

I am happy to answer any questions the Committee may have insofar as I can, and if I do not have any necessary information to hand I will undertake to supply it to you without delay.