

Oifig an Árd Runai
An Roinn Cumarsáide
Fuinnimh agus Acmhainní Nádúrtha
Baile Átha Cliath 2



Office of the Secretary General
Department of Communications
Energy and Natural Resources
Dublin 2

Idirlíon/Website: www.dcenr.ie

Fón/Tel: + 353 1 678 2030
Faics/Fax: + 353 1 678 2079

15 May 2013

Ms Niamh Maguire
Public Accounts Committee
Leinster House
Dublin 2



Dear Ms Maguire

I refer to your letter of 23rd April last in relation to issues arising from my appearance before the Public Accounts Committee on Thursday 18th April. At the meeting I undertook to supply additional information on three topics to the Committee.

Accordingly, I am now enclosing notes as requested on

1. Petroleum Infrastructure Fund
2. Information on the rental income to the State from the entire GPO complex, including the GPO arcade.

In addition, during the course of the meeting, I agreed to provide further information on TV licence receipts and this information is also enclosed.

Should you need any further information please contact me.

I regret the slight delay in responding.

Yours sincerely

Aidan Dunning
Secretary General

"Fáiltítear roimh comhfhreagras i nGaeilge"

Petroleum Infrastructure Programme

Active promotion and research are important elements of Ireland's offshore hydrocarbon strategy and under the State's Licensing terms each company that is a partner in a Frontier Exploration Licence is required to pay a single contribution each year to the Petroleum Infrastructure Programme fund, managed by the Department. The current level of the annual contribution per company, which is linked to CPI, is €17,472. While companies involved in exploration in the Irish offshore must make mandatory contributions to the fund, they do not have a role in relation to decisions on the use of the fund, nor do they get any preferential access to the outputs produced.

There are a number of activities for which monies from the fund are currently committed, the most significant of which is an extensive regional seismic acquisition programme over a number of Ireland's major Atlantic basins. The data from this survey will be used by the Department to promote further investment in the Irish offshore in future licensing rounds and will also be an important input to research projects aimed at deepening understanding of the petroleum potential of the Irish offshore.

The overall aim of the Petroleum Infrastructure Programme is to promote hydrocarbon exploration and development activities by funding of research and data gathering in both Irish offshore and onshore areas. A critical aspect of the programme is that the focus of research projects goes beyond normal licence area-specific work and is designed so as not to duplicate the efforts of individual exploration licence groups, or of commercial contractors. It is also an integral part of the programme that Irish researchers are given an opportunity to participate in the research projects.

The programme has also supported research projects with the objective of deepening understanding of the environmental characteristics and sensitivity of areas in which petroleum exploration is being considered. A recent example of such a project is the "Beaked Whale Passive Acoustic Monitoring – Pilot" that was carried out with involvement from the Irish Whale and Dolphin Group to gather new baseline data on cetacean populations.

The programme managed by the Department is one of two sub-programmes which are funded by the Petroleum Infrastructure Payment fund. In addition to the programme operated by the Department, there are a number of other projects whereby exploration companies co-operate, in liaison with Department, to promote and facilitate applied petroleum-related research. Specific work themes include support for training, scholarship, equipment purchase, goods & services etc. so that local organisations and individuals can participate in, contribute to and benefit from research and development related to hydrocarbon exploration and production.

Other industry supported initiatives have included regional geological and geophysical data gathering and studies aimed at improving knowledge of petroleum systems and exploration potential; special engineering studies to improve exploration and production cost effectiveness; and recommendations on better procedures and practices.

These projects have resulted in a number of publications, many of which are available either free or to purchase online at <http://www.pip.ie> .

Background to the GPO

The GPO complex, for historical and legal reasons, is vested in the Minister for Communications, Energy and Natural Resources. All land and property formerly owned by the postal service when it was part of the Department of Posts and Telegraphs was transferred to An Post under Section 40 of the P&T Services Act, 1983

Total complex comprised of 3 separate components:

The GPO complex includes the GPO, the GPO Arcade and a number of properties along Henry Street namely 1-6 and 24-30 Henry St. All of these properties with the exception of the GPO are held under lease from the Minister.

1. GPO Building

Under a Licence Agreement, An Post occupies the GPO Building under a 50-year licence, which is due to expire on 1st January 2034. This is subject to a yearly payment of £1 (€1.27), 'if and when demanded', which has not, as yet, been demanded of An Post.

2. Arcade Property Company Ltd

Under the terms of a Lease dated 13th December 1989, between the Minister and Arcade Property Company Ltd., a subsidiary wholly owned by An Post, the Minister agreed to lease that part of the GPO known as 'the Arcade' at basement (1,100m²) and ground floor level to permit the development and subsequent sub-letting of 10 retail units (in a parade of 14 shops) in the GPO Arcade for which Arcade Ltd collects rent. In consideration of this 200 year lease, the Lessee pays a yearly rent of €127,000 to the State, which is fixed and is not reviewable. A moratorium applied as agreed between the parties for a period of 10 years from the above commencement date. The rent has been paid since the moratorium ended.

3. Other Properties

The remaining units in the Arcade and other properties in Henry Street (1-6 and 24-30) are held under lease from the Minister.

At the time the leases were originally granted in the 1920's the Government was anxious to develop the commercial life of the capital. As a consequence, the rents provided for were low and reflected the fact that only the ground was being leased.

New leases were renegotiated from the mid 1970's to the early 1990's. This followed consultation with the Department of Finance, the Valuation office and legal analysis at the time. In order to realise a return on the asset, and to reflect the fact that the leases being agreed were for a period of up to 200 years, in addition to a rent to the State which typically ranges from €6000 to €12,000, an upfront, once-off payment by way of fine was also payable in respect of most properties which amounted to €250,000 on average.

No rent is currently being paid in respect of two premises, one of which is the subject matter of proceedings.

More generally, the Department is arranging for a legal assessment to be undertaken of all leases in the GPO complex.

The table below summarises the current income to the State from the complex.

Category 1	GPO Building (under Licence Agreement)	€1.27 pa if and when demanded
Category 2	Arcade Property Co Ltd	€127,000.00
Category 3	Other properties (as above)	€ 95,360.54
Total annual income		€222,360.54

TV Licence Sales

Television licence fee receipts are dependent on television licence sales each year. It is, therefore, not possible to estimate precisely the level of receipts or the consequent level of payments to RTÉ, An Post and the BAI (Broadcasting Fund).

Licence fee receipts are allocated as follows:

- Costs to An Post for collection of fees;
- 7% of net licence fees to the Broadcasting Authority of Ireland (BAI) for onward distribution via the Sound & Vision Scheme (for independent producers and 'free to air' broadcasters); and
- the remainder to Public Service Broadcasters (€9.245 million to TG4 and the balance to RTÉ).

In relation to the table below, the following points should be noted:

- Following a Budget 2011 decision, payment due from Department of Social Protection (DSP) was set at the 2010 level of payments, i.e. €57,184,565, which is received in twelve equal monthly instalments of €4,765,380. As can be seen from the table, the number of "free licences" issued by DSP has increased year on year but under the budget 2011 decision no additional payment is made by Department of Social Protection in respect of the licences.
- The number of TV licences issued on behalf of Social Welfare recipients varies according to the number of people eligible for the Household Benefits Package, which varies from month to month. An average figure for the year in question has been provided.
- The decline in the number of TV licences being sold is potentially attributable to various factors including the economic downturn and rapidly evolving technologies, whereby members of the public are no longer reliant on the traditional television set.
- The table below sets out the detail of TV licence fee sales and receipts in the period 2010 – 2012.

	2012	2011	2010
Number of TV Licences sold directly by An Post	1,003,860	1,021,443	1,038,665
Number of TV Licences issued by the Department of Social Protection (DSP)*	405,868	398,579	386,785
Total Licence Fee Receipts (€000)	215,029	217,760	222,376

Evasion

Every effort is made by An Post to bring evaders into the licensed pool and a considerable amount of its time and its resources are spent in dealing specifically with this issue. The Department regularly meets with An Post and RTE in relation to TV licence collection issues.

As a first step, An Post concentrate their efforts on getting people to buy the licence when due. A series of reminder notices are sent out urging people to pay their TV licence. The following range of payment methods are available:

- Pay online using Laser, Mastercard or Visa
- Cash/cheque at any Post Office
- Direct Debit
- Locall 1890 228 528 using Laser, Mastercard or Visa
- TV Licence stamps available at Post Offices
- Cash as selected Postpoint outlets

TV Licence sales through the TV Licence payment website now account for almost 26.75% of the overall sales, at over 268,000 licences in 2012. The online payment website gives people the option to purchase a first time licence, renew their licence or change their address if they have moved house during the year. 90% of the sales going through the web are by way of renewal. This is mainly due to customers being prompted to buy from reminder notices. During 2012, the Irish Language version of this payment website went live and people can now purchase a licence through the Irish Language version. Almost 10.25% of sales in 2012 were via direct debit instalments and 11.5% of licences purchased used savings stamps.

Every effort is taken to identify unlicensed holders, from people whose licence has lapsed to people who have moved premises to people who will do all in their power to avoid paying for the licence. Bringing people to court is a last resort and only carried out where all other means have failed.

Prosecution Process

Prosecutions are brought on foot of a visit by a TV Licence Inspector to an unlicensed property. The Inspector visits a premises if a licence is more than 6 weeks out of date, if a new record is added to the database which doesn't have a current licence, and where there are unlicensed addresses.

Where a case is brought to court, the fine imposed is at the discretion of the judge. The maximum fine is €1,000 for a first offence and €2,000 for second or subsequent offence.

Year	Number of Summons applied for	Number of cases brought to court
2008	13,809	5,786
2009	15,768	6,385
2010	19,679	9,556
2011	20,153	10,593
2012	18,047	11,485

The Programme for Government commits to examining the role and collection of the TV licence fee in light of existing and projected convergence of technologies and to transforming the TV licence into a household based Public Broadcasting Charge to be applied to all eligible households and applicable businesses, regardless of the device used to access content or services.