Public Accounts Committee
Vote 32: Transport

2012 Annual Report of the C&AG and Appropriation Accounts

Chapter 7: Management of the Fixed Charge Notice System

Chapter 14: Cash Balances in the RSA

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Opening Statement: 19 June 2014

Thank you Chairman.

I have provided members with advance briefing. I have tried to strike the right balance in terms of the level of detail and I'm always happy to get feedback on whether you would like more or less. As you have the briefing material, I can keep my opening remarks fairly short.

In 2012, the Department's overall gross expenditure was €2.05bn. Almost 22% of this expenditure was funded from appropriations-in-aid, primarily Motor Tax Receipts channelled through the Local Government Fund. The Vote is split more or less 60:40 between capital and current spend. In 2012, 84% of the Vote went towards the Land Transport Programme, mainly Roads (at €1.1bn), public transport investment (at €254m) and public service provision payments (€290m). The balance was divided amongst the tourism programme (at €143m), the sports programme (at €80m), the maritime transport and safety programme which includes the Coast Guard (at €70m) and the Civil Aviation programme (at €28m). The Administrative budget (at €34.5m) represents 1.7% of overall programme spend.

2012 was the first year of implementation of the Comprehensive Review of Expenditure. The Department successfully delivered on the targeted reductions in overall expenditure, achieving a 14% reduction on 2011. This was achieved despite the need to reallocate funding from various subheads in order to supplement the public service subvention for CIE.

Despite these financial constraints and a continuing reduction in our staffing levels, the Department contributed to a number of good outcomes for 2012 in transport, in tourism and in sport, and I will give you a quick overview of these.

In 2012, we oversaw an investment of €254m in the upgrading of public transport infrastructure and services, including approval for Luas Cross City and the roll-out of the new Leap Card. We also administered €605m in capital investment in national roads, €42m in on-going national road maintenance and €377m on regional and local roads. 1.73 million passenger journeys were funded through the Rural Transport Programme. The National Vehicle Driver File collected €1 Billion in motor tax receipts, issued 4.62 million Motor Tax Discs and 671,000 Driving Licences .

2012 was also a successful year from a safety perspective. Road fatalities reached a new low of 162. The Irish Coast Guard responded to almost 2000 incidents, assisting over 2700 persons and saving over 160 lives. The Air Accident Investigation Unit published 23 air accident reports.

While 2012 was a challenging year for tourism, revenue from overseas visitors increased by 4.5% to €3.68 billion. The sector saw a turn-around in fortunes from the US market – up by 10% on 2011. Employment in the tourism and hospitality industry was approximately 185,000 – up about 5,000 on 2011. 2012 was also the year which launched the Gathering initiative which delivered exceptional results in 2013.

2012 was also a good year for sport. The programmes of the Irish Sports Council contributed to securing 64 medals at Olympic, Paralympic, World and European levels. We also re-launched the Sports Capital Programme, with €19.8m paid out in Sports Capital Grants and €31m allocated under the new round.

On the two specific issues referred to by the C&AG in his 2012 Report, I would comment briefly as follows.

On the review of the management of the fixed charge notice system, there is one recommendation emanating that relates to the responsibilities of the Department of Transport, Tourism and Sport. This concerns the mismatch of driver information held by the Gardaí and by the National Vehicle Driver File with a suggestion that a regular review of information should be conducted between the two bodies.

The Department has been participating for the past year in a penalty points working group which has been addressing the difficulties relating to the gathering and exchange of accurate and up-to-date information within State agencies. As the Committee is aware, there have been a number of examinations and reviews of the fixed charge notice and penalty points system over the past two years and, following the most recent report from the Garda Síochána Inspectorate, a Criminal Justice Working Group was established which comprises representatives of all relevant State agencies. The main function of the Working Group is to oversee and facilitate

the recommendations contained in the Inspectorate Report. The Group will subsume the work of the penalty points working group and, therefore, will address the issues raised in the Comptrollers report. The Criminal Justice Working Group is required to report to Government on a regular basis and its first report will be submitted in July.

As regards Chapter 14, which relates to RSA cash reserves, I believe that the main conclusion to be drawn is a very positive one. Since the RSA was established, it has been moving from a position where it was very dependent on Exchequer funding, to the tune of €40m in 2008, to one where it has an Exchequer allocation of only €3.37m this year and is expected to be entirely self-funding next year. It has achieved this even while taking responsibility for two new functions - the Commercial Vehicle Roadworthiness Service and the National Driver Licence Service – each of which involved considerable initial outlay.

If an agency is going to be self-funding, it needs to carry sufficient reserves to meet the needs of its capital programme and also to deal with cyclical downturns in income. The latter point is a particularly important one, which I'm sure the CEO will address in more detail later on – the recession has meant that we have an ageing car fleet, which means an above-average demand for the NCT and therefore a spike in income from that source. That trend will reverse as the economy grows in the future.

The annual service level agreements in place between the Department and the Authority have proved successful in ensuring that the Authority has adequate funding to deliver its functions including an essential capital programme while also providing the mechanisms for identifying situations where the capital reserve exceeds the agreed amount in reductions to Exchequer draw-downs. The Authority has not received any capital Exchequer allocation since 2010.

The Report also identified a number of areas for improvement, and made a recommendation as to how such improvements can be achieved. Recommendation 14.1 of the Report suggests that the Department and the Authority should develop key performance indicators and conduct a formal review of actual performance each year against those indicators. The Department has accepted this recommendation and in addition to the monthly update meetings between the Department and the CEO of the Authority, it will carry out a formal annual performance review this year. Key performance indicators are set out by the Authority in its Business Plan for 2014 and these will also be reviewed in the context of the annual performance review.

That concludes my opening statement and I will be happy to take the Committee's questions when you return to me.