

Public Accounts Committee meeting 16th October 2014

Opening Statement presented by Department of Agriculture, Food and Marine

Secretary General Tom Moran

Chairman and members of the Public Accounts Committee I welcome the opportunity for my officials and I to address you in relation to the **Comptroller and Auditor General's Special Report 82: Financial Management and Reporting for Fishery Harbour Centres** and to assist the Committee in its examination of the report.

Indeed I welcome the C&AG's report which contains a number of valuable recommendations some of which relate to historical issues that had already been proactively addressed by the Department.

The Fishery Harbour Centres were established as a necklace of harbours around the coast of Ireland to promote and develop fishing activities. The waters around Ireland contain some of the most productive fishing grounds in the EU. On average, an estimated 1.3 million tonnes of fish are taken by the fishing fleets of EU member states from the waters around Ireland each year. The Fishery Harbour Centres were and are being developed to reflect the need for this State to facilitate larger Irish and Foreign vessels fishing in deeper water to land into and operate out of Ireland. They are also developed to meet the standards expected of a modern seafood producing and processing industry. The Fishery Harbour Centres Act 1968 sets down parameters and the framework for the Fishery Harbour Centres but since 1968 there have been many developments in public administration and these have also have been incorporated into the management, development and operation of the harbours.

The Department of Agriculture, Food and the Marine took responsibility for a number of marine functions, including the Fishery Harbour Centres, on 19th October 2007. To facilitate the orderly transfer of functions the Department of Communications, Marine and Natural Resources retained responsibility for certain financial aspects in the harbours, including invoicing, up until April 2008.

A Report was commissioned to further develop a coherent strategy for development, management and modernisation of the Harbours. The Burke/McIver "*Business Plans for the Development of the Fishery Harbour Centres*" report, which provided an assessment of the harbours and a development path to be followed over a five year period, was published on 25th February 2009. All of the recommendations in the report that were implementable in the prevailing economic climate were subsequently introduced.

It is true to say that a number of Fishery Harbour Centre legacy issues, particularly a High Court case challenging the Rates and Charges Order, some property cases and a staffing issue in one Harbour, have following due process taken longer than anticipated to bring to conclusion.

Since 2007 a number of reports have been produced by management in the relevant Division of the Department and the Department's Internal Audit Unit, which precipitated a very significant programme of change that has been implemented in the Fishery Harbour Centres in the intervening years.

The Sea Fisheries Administration Division was reconfigured into four specialist units to target the specific areas of debt management, property management, operational management and capital development programmes.

Specific measures pursued by the property unit included the establishment of a detailed database of the property portfolio, the appointment, following tender, of an outsourced property valuation service to carry out legally required rent reviews and new valuations together with the establishment of a dedicated legal resource within the Office of the Chief State Solicitor working exclusively on the backlog of legacy property issues in the Harbours.

On the financial management front a new rates and charges order was introduced in 2012. The order was previously revised in 2003 but for a number of reasons, not least the legal challenge to the Ministers vires mentioned earlier, the introduction of a new order was delayed. The new order modernised the charging regime in the Harbours and addressed some anomalies.

I resourced the dedicated Debt Recovery Unit to address the increasing debt profile that had developed in the harbours and a robust debt recovery policy with a toolbox of measures, some specific to Fishery Harbour Centre customers, was approved and continues to be implemented with success by the Debt Recovery Unit. Income generated in the harbours increased by in excess of €1.2m in 2013 compared with 2007, an increase of 30%. In the same period the level of debt has remained static despite the economic climate and a period of financial pressure for our customer base. The age profile of our debt now suggests, in general, a preponderance of late payers rather than non payers.

In the period 2010 to 2013 the number of fish landings by foreign vessel at the Fishery Harbour Centres has increased from 1048 in 2010 to 1305 in 2013 while in the same period the number of fish landings by vessels on the Irish sea-fishing boat register has increased from 5086 in 2010 to 5216 in 2013. The total value of fish landed, by Irish and foreign vessels, has increasing from €137m to €229m over the same period

New systems and procedures were implemented to strengthen the cross checking of invoicing for services in the harbours. Initially an interim manual system was introduced

followed by a bespoke computer application developed specifically to mitigate risk of error in generating invoices.

I welcome the fact that the C&AG have recognised the work undertaken to date.

Staffing resources, which had diminished to unsustainable levels, were addressed by the appointment of new Harbour Masters to vacant posts while also assigning at least one clerical support person to each harbour to assist the Harbour Master and provide a separation of financial roles in accordance with best practice. This was managed against the backdrop of the Public Service recruitment embargo.

Following the resourcing at Harbour level a significant change in the management structure of the harbours was drawn up and approved by the Department's Management Advisory Committee (MAC). This changed management structure resulted in the achievement of significant efficiencies principally by eliminating a traditional dual reporting stream and the closer alignment of operational management, harbour development and Health and Safety and risk management. Following the restructuring each harbour is now managed at local level by a Department Grade 1 Engineer, who, working with the Harbour Master and staff in the harbour is responsible for the operational and billing management and development of the harbour while strategic management, debt recovery, audit and executive support are provided centrally to all the harbours. A Fishery Harbour Centre Management Committee of senior officials is responsible for integrated management on an ongoing basis.

The Harbour User Forums, which were created by the Department after taking over the running of the Harbours, meet on a regular basis in each harbour. These Harbour Users Forums provide an excellent platform for sharing ideas with our customers and obtaining stakeholder feedback.

As I am sure you will agree the management of the Fishery Harbour Centres has been enhanced progressively the years since this Department took responsibility for them. My management team continues to review our policies, procedures, structures and systems and in this context I welcome the C&AG's report which provides us with some further opportunities to enhance our service delivery model.

Thank you for your attention.