

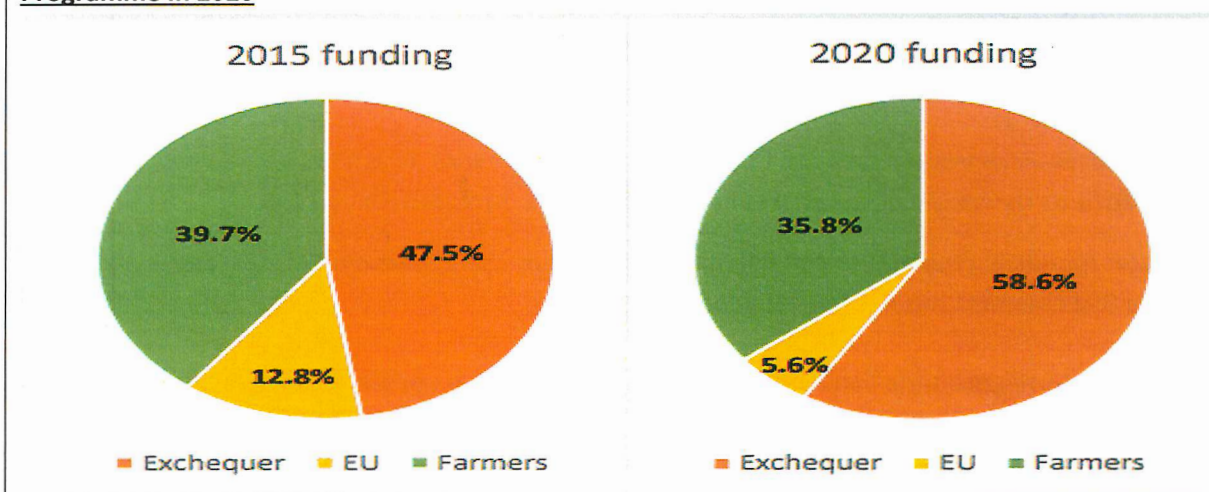
Committee of Public Accounts Report on the Examination of the 2019 Appropriation Account for Vote 30 – Agriculture, Food and the Marine, and related financial matters.

The Minister for Public Expenditure and Reform has examined the Committee's Report and has taken account of its recommendations. In relation to the Committee's recommendations, the Department of Public Expenditure and Reform has engaged with the Department of Agriculture, Food and the Marine and the response to each recommendation is as follows:

Issue One – Expenditure on the Bovine Tuberculosis Eradication Programme

The Department's expenditure on the Bovine Tuberculosis (bTB) Eradication Programme has risen steadily from 2015 to present. Total expenditure on the programme amounted to approximately €82 million in 2015¹, rising to €97 million in 2020. Meanwhile, the funding mechanism for the programme has altered significantly in the same timeframe. The proportion of the funding for the programme provided by the Exchequer, the EU, and farmers respectively in 2015 and 2020 is compared in Graphic 2 below.

Graphic 2: 2015 funding of the bTB Eradication Programme compared with the funding of the Programme in 2020



While the herd incidence rate of bTB reached an historic low of 3.27% in 2016², the incidence rate rose to 4.37% in 2020. As of the beginning of 2021, Ireland is the EU Member State with the highest bTB levels.

The rise in the herd incidence rate of bTB is a factor in the consistent reduction in EU co-funding for the bTB Eradication Programme. EU funding for the programme was as high as €12.7 million for the 2014 programme, while EU funding for the 2020 programme was reduced to €4.3 million due to a perceived lack of progress towards bTB eradication. This represents a 66% reduction in EU funding since 2014.

¹ [Spending Review 2019 Animal Health: TB Eradication](#)

² [Bovine TB Eradication Strategy 2021 - 2030](#)

Exchequer funding for the 2020 programme rose to €57 million, which represents a 44% increase from 2015. Total expenditure on the programme was 18% higher in 2020 than in 2015.

The Committee notes that the Department of Agriculture, Food and the Marine's 2021 Annual Report³ indicates that a further penalty is expected to apply regarding the 2022 programme, with EU co-funding for TB programmes 'to be ceased after 2023.'

The Committee is concerned at these trends in the funding and expenditure of the bTB Eradication Programme, particularly as bTB eradication would appear to be even further away than it was in 2016, despite a significant increase in funding from the Exchequer. The Department has projected €1 billion will need to be spent on the programme over the years 2021 to 2030, 'unless significant reductions in disease can be achieved'. At current funding levels, the Exchequer would be liable for €586 million of the outlay over ten years, while €358 million would be drawn from the farming sector.

Furthermore, the Committee wishes to see an improvement in the reporting of expenditure on the bTB Eradication Programme in the Appropriation Account for the Vote. Expenditure on same is currently contained within subhead A.3 Food safety, animal, plant health and animal welfare under Programme A of the Appropriation Account.

Recommendation 1:

The Committee recommends that the Department provides it with an update on an annual basis from January 2023 on the progress achieved in eradicating Bovine Tuberculosis by 2030.

The Minister for Public Expenditure and Reform is informed by the Department of Agriculture, Food and the Marine that it accepts this recommendation.

The Department of Agriculture, Food and the Marine will provide an update on an annual basis from January 2023 on the progress achieved in eradicating Bovine Tuberculosis by 2030.

Recommendation 2:

The Committee recommends that the Department includes a separate subhead in the Appropriation Account for Vote 30 to account for expenditure on the Bovine Tuberculosis Eradication Programme commencing with the 2022 Appropriation Account.

The Minister for Public Expenditure and Reform is informed by the Department of Agriculture, Food and the Marine that it accepts this recommendation.

Commencing in the 2022 Appropriation Account a separate subhead will account for expenditure on the Bovine Tuberculosis Eradication Programme.

³ [Department of Agriculture, Food and the Marine Annual Report 2021](#)

Issue Two – Progress on implementing the C&AG’s recommendations relating to financial management and reporting for fishery harbour centres

In its seventh periodic report⁴, the Committee of Public Accounts of the 32nd Dáil recommended that the four outstanding recommendations from the C&AG’s Special Report 82 were implemented in full in 2020. When this Committee engaged with the Department in April 2021, over seven years since the publication of the Special Report, the implementation of the four recommendations remained outstanding. These four recommendations are laid out in full on pages four and five of this report.

Chapter 10 of the C&AG’s Report on the Accounts of the Public Services 2019 concluded that the timeliness of financial reporting for fishery harbour centres could be improved. The C&AG also raised issues arising from the governance arrangements for the implementation of the recommendations in the 2014 Special Report, and made three additional recommendations in the 2019 chapter, listed in full on pages five and six of this report.

The Department provided a progress update to the Committee in September 2022⁵ on the implementation of the recommendations contained in the C&AG’s 2014 Special Report and the 2019 chapter. The Committee welcomes that further progress has been made in implementing the outstanding recommendations in the Special Report, and that work is underway in implementing the recommendations in the 2019 chapter.

However, the Committee underlines the slow progress in fully implementing the recommendations in the Special Report, given that at the time of writing, over eight years have elapsed since its publication. The Committee also notes the issues raised by the C&AG regarding the Department’s governance arrangements for the implementation of the recommendations in the Special Report.

Recommendation 3:

The Committee recommends that the Department:

- **completes the implementation of the four outstanding recommendations in the C&AG’s Special Report 82, and**
- **implements the three recommendations in Chapter 10 of the C&AG’s Report on the Accounts of the Public Services 2019**

without delay, and reports back to the Committee on the progress on same in January 2023.

The Minister for Public Expenditure and Reform is informed by the Department of Agriculture, Food and the Marine that it accepts this recommendation.

⁴ [Committee of Public Accounts of the 32nd Dáil: Periodic Report no. 7](#)

⁵ [DAFM Implementation Report on the C&AG's Special Report No. 82 \(R1462 PAC33\)](#)

Implementation of the four outstanding recommendations in the C&AG's Special Report 82

Recommendation 1 - Accounting

An amendment to the Fishery Harbour Centres Acts is on the legislative programme and the Department has commenced a review process to support that.

Recommendation 2 – Governance Arrangements

Governance arrangements have been implemented in line with the recommendation and this can now be considered completed.

Recommendation 3 – Charging Capacity

As per the implementation report in September 2022, the Department has reviewed charging in the Fishery Harbour Centres and considers that it is not an appropriate time to increase or introduce new charges due to the impact of the current geopolitical climate on fuel and energy costs for the seafood sector.

Recommendation 6 - Effectiveness of Debt Collection

As of Q3 2022 mature debt is not in excess of the target debt level of €1.8m.

Recommendations included in Chapter 10 of the C&AG's Report on the Accounts of the Public Service 2019

"Recommendation 10.1

In relation to the operation of fishery harbour centres, the Department should complete a review of the financial reporting and financial management processes. Following consultation with relevant parties, it should adopt a formal plan to implement recommendations identified by that review within a specified timescale".

In response to the recommendation and certain other matters also raised in Chapter 10 of the Report on the Accounts of the Public Services 2019, the Secretary General of the Department decided to form a group to look at aspects of the findings. The group was chaired by the Chief Financial Officer of the Department and membership included a Senior Finance Specialist from the Institute of Public Administration and a representative of the Government Accounting Unit in DPER. The terms of reference for the Review Group were as follows:

To review the current financial management processes in place in the Fishery Harbour Centres and to examine and consider the steps required to bring the format of the financial reports of the Fishery Harbour Fund into line with standard accounting practice as set out in the C&AG's Special Report 82- *Financial Management and Reporting for Fishery Harbour Centres*.

The Group examined the operation of the harbours in terms of commercial activity, funding, management and development and concluded that the Department should proceed to subsume the current receipts and payments into the Vote and to set aside the need for a separate financial account. The group was satisfied that the reporting requirements of the Departments

Appropriation Account will provide all the necessary transparency and this can continue to be supplemented by whatever management reporting is required.

The Department's Management Board agreed with the recommendations of the Group on 13th July 2021.

The Department is progressing work towards subsuming the Fishery Harbour Centres Fund into the Department Vote. Implementing this recommendation requires an amendment to the Fishery Harbour Centres Act 1968 (as amended) to adjust the provisions obliging the Minister to establish, manage and maintain the Fund and, more specifically, as it relates to the payment of all monies (rates, tolls, charges and rents) received into the Fund and the payment of all outlays and expenditures from the Fund. As a first step towards enabling this recommendation, which will require Oireachtas approval, the Sea Fisheries Administration Division has commenced a review of the Act.

Recommendation 10.2

"The Department should set an appropriate target date for earlier presentation of its annual financial statements for the fishery harbour centres and should develop a plan to achieve delivery within that target timeframe. This plan should also take account of the requirements for the preparation, audit and presentation of the other financial statements the Department is required to produce".

There has already been a significant improvement in the timeliness of financial reporting, although there are particular circumstances in 2020 that meant that the 2019 accounts could not be submitted as early as those for 2018. The 2020 & 2021 Financial Statements were submitted to the audit team on 31st March 2021 and 6th April 2022 respectively.

Recommendation 10.3

"The Department should ensure that all management committees have a clearly defined terms of reference that has been approved at an appropriate level, minutes of meetings held are prepared and approved and that there are appropriate formal reporting arrangements".

The Secretary General formally signed off on the Terms of Reference of the Fishery Harbour Centres Management Committee on 18th November 2020. The Committee meets regularly (4 times in 2021 and to date twice in 2022). An annual report is submitted to the Department's Management Board.

Issue Three – Accounting for the State’s contribution to the World Food Programme

Since 2015, contributions to the United Nations World Food Programme (WFP) have been included in the Appropriation Account for Vote 30 as a supplementary estimate in subhead C.9 Food aid donations – World Food Programme under Programme C – Policy and Strategy.

Between 2015 and 2019, a total of €79 million was provided as supplementary estimates for this subhead. This trend has continued in the years 2020 and 2021, with just under €50 million provided in supplementary estimates for both years combined. The State has agreed a new Strategic Partnership Agreement with the WFP for the years 2022 to 2024, during which the State will contribute €75 million to the Programme.

The trend of providing supplementary estimates for this subhead has continued for seven consecutive years, totalling approximately €128 million in that period. If this trend continues for the length of the existing Strategic Partnership Agreement with the WFP, the State could potentially have to provide another €50 million in supplementary estimates for this subhead up to 2024.

The Committee is concerned at the Department’s failure to address this issue, which has persisted since 2015.

Recommendation 4:

The Committee recommends that the Department improves forecasting for the projected expenditure on the State’s contribution to the World Food Programme, and puts structures in place to ensure supplementary estimates for the World Food Programme are avoided in so far as possible.

The Minister for Public Expenditure and Reform is informed by the Department of Agriculture, Food and the Marine that it accepts this recommendation.

The current commitment to the World Food Programme runs until 2024. For the last number of years, the Department has paid the annual contribution to the World Food Programme in Quarter 4 of the year before the payment is due, based on a request from WFP. Where this has happened it has not been necessary to provide for such expenditure in the estimates for the year in which the payment was originally due. This is primarily by moving savings to the relevant subhead as part of the supplementary process. This allows the Department to utilise savings across the vote from demand led schemes where take up has not been maximised, thus facilitating the full use of exchequer funds. The Department of Agriculture, Food and the Marine will consider if there is a more appropriate funding mechanism as part of the next budgetary cycle, or before the Department enters into a new commitment with the World Food Programme.

Issue Four – Carbon Tax funding for Agri-Environmental Schemes

The Committee heard during its engagement with the Department that ‘the programme for Government commits to a €1.5 billion agri environmental fund [Agri-Climate Rural Environment Scheme (ACRES)], the money for which will come from carbon taxes.’ The Programme for Government further commits to allocate, from the Climate Action Fund, the referenced funding to ‘a REPS-2 programme to encourage and incentivise farmers to farm in a greener and more sustainable way. This funding will be additional to funding from the Common Agricultural Policy. It will include incentives to plant native forestry and to enhance and support biodiversity.’

The Committee notes that an investment of €1.5 billion in addition to the Common Agricultural Policy would represent a significant investment in agriculture and contribute positively towards meeting the State’s climate objectives.

However, the Committee is concerned as to whether funds are in addition to the Common Agricultural Policy, or represent the State’s contribution to the co-financing thereof.

Recommendation 5:

The Committee recommends that the Department of Public Expenditure and Reform provides it with an update by January 2023 on any allocations provided to the Department of Agriculture, Food and the Marine from the Climate Action Fund.

The Minister for Public Expenditure and Reform accepts this recommendation.

The Department of Agriculture, Food and the Marine has not received any allocations from the Climate Action Fund. The following table details the Departments/programmes receiving allocations from the Climate Action Fund in 2023:

Project	Expected Expenditure 2023 (000)
Climate Action Fund Call 1 (7 projects and BnM)	47,736
EU Life Programme Co Financing 2021	813
Community Climate Action Programme strand 1	14,400
Community Climate Action Programme strand 2	1,475
D/ Education for Solar Panels for Schools	30,000
SEAI for Business supports	5,000
D/Transport for Sustainable Transport	7,000
Total	106,424

The Department of Agriculture, Food and the Marine Carbon Tax fund allocations are published by Department of Public Expenditure and Reform alongside every Budget in the paper outlining the specific carbon tax allocations to every Department. The allocations to the Department of Agriculture, Food and the Marine have been:

Budget 2020: €3m - <https://igees.gov.ie/wp-content/uploads/2020/01/The-Use-of-Carbon-Tax-Funds-2020.pdf>

Budget 2021: €23m - <https://assets.gov.ie/90878/b97737a2-a8d7-41e3-9b1a-53fc0822c20f.pdf>

It should be noted that Carbon Tax allocations are not part of the Climate Action Fund (CAF) which is a separate fund under the remit of the Department of Environment, Climate and Communications.

The CAF was established as part of the National Development Plan 2018-2027 and subsequently established on a statutory basis, with effect from 1 August 2020, on the commencement of the National Oil Reserves Agency (Amendment) and Provision of Treasury Services Act, 2020.

A key objective of the fund is to provide support for projects, initiatives, and research that contribute to the achievement of Ireland's climate and energy targets, and for projects and initiatives in regions of the State and within sectors of the economy, impacted by the transition to a low carbon economy.

The CAF is resourced from proceeds of the levy paid to the National Oil Reserves Agency (NORA) in respect of relevant disposals of petroleum products, after the funding requirements of NORA have been met. In addition, approximately €21m in CAF income comes from the winding down of the Energy Efficiency National Fund. Receipts from offsetting the emissions associated with official air travel from 2020 onwards will also accrue to the CAF. Around €500m is expected to accrue to the CAF to 2027.

An appendix listing the income and expenditure of the CAF is published with Vote 29 Environment, Climate and Communications in the Revised Estimates Volume <https://www.gov.ie/en/collection/e20037-revised-estimates/#2023>.

Recommendation 6:

The Committee recommends that the Department of Agriculture, Food and the Marine provides the Committee with a report by January 2023 as to its intended distribution of its Climate Action Fund allocation to the Agri-Climate Rural Environment Scheme (ACRES) over the course of the Common Agricultural Policy 2023 to 2027, as well as the arising co-financing rate

The Minister for Public Expenditure and Reform is informed by the Department of Agriculture, Food and the Marine that it accepts this recommendation.

The Department of Agriculture, Food and the Marine will provide the Committee with a report by January 2023 as to its intended distribution of its Carbon Tax Fund allocation to the Agri-Climate Rural Environment Scheme (ACRES) over the course of the Common Agricultural Policy 2023 to 2027, as well as the arising co-financing rate.

Given under the Official Seal of the Minister for Public
Expenditure and Reform on this the day of January,
2023.



L.S.

A handwritten signature in dark ink, appearing to read 'David Moloney', is written over a faint, circular official seal.

David Moloney
Secretary General

30/01/2023

Department of Public Expenditure and Reform

