

Public Accounts Committee

Appropriation Accounts 2012 - Vote 25

Accounts of the Public Services 2012

Chapter 4: Vote Accounting

Chapter 10: Central Government Funding of Local Authorities

Chapter 11: Costs of Land Remediation

Department of the Environment, Community and Local Government

Opening Statement by John McCarthy, Accounting Officer

26 June 2014

Chairman, Members. I am pleased to be here this morning on my first occasion as Accounting Officer to assist the Committee in its examination of Vote 25 and related chapters in the Comptroller's Annual Report for 2012.

As requested, I have provided some advance briefing for the meeting and I will, therefore, keep my opening comments short.

The Department had significant achievements in 2012 in delivering on key policies and programmes from within available resources in order to contribute to improving the quality of life of citizens and communities; to economic and social development; and to environmental protection.

We were again assigned the second largest capital allocation of any Department in order to implement major housing, water, rural development and other programmes.

Total spending from the Vote on the various housing programmes, including the provision of social housing and improvement and regeneration measures, amounted to over €670 million in 2012.

The on-going restructuring of the Social Housing Investment Programme delivered 1,259 units through leasing, and 5,451 new Rental Accommodation Scheme transfers took place in 2012 at an overall cost of just over €146 million. In addition, over 1,800 new and refurbished social accommodation units were delivered through local authorities and approved housing bodies, including housing for those with a specific category of housing need, and through €129 million invested in the major housing regeneration programmes. The ambitious programme of retrofitting and energy efficiency upgrading continued in 2012 with improvements to 2,115 local authority units from Departmental funding of over €19 million.

The *National Implementation Framework* to support the *Housing Strategy for People with a Disability 2011-2016* was published in July 2012. During the year, over 10,000

households benefitted under the Housing Adaptation Grants Scheme for Older People and People with a Disability, with a total cost to the Exchequer of €53 million.

The total spend from the Vote in this area in 2012 ensured that the needs of over 20,000 households were met from the full range of housing measures.

Significant water services capital investment continued in 2012 with €308 million spent on these services, including €40 million on the Rural Water Programme. In all, 56 contracts/schemes were completed in 2012, with a further 55 commencing, and work continuing on a further 22 contracts. The Department recouped in excess of €39 million to local authorities on water conservation projects in 2012 and, in all, some 273 kilometres of public water supply piping were rehabilitated.

Over the period 2000-2012, over 1.5 million population equivalent was added to the capacity of water treatment systems and in excess of 4.2 million population equivalent in wastewater treatment capacity.

In parallel, intensive work continued throughout the year on the organisational, financial, economic and environmental models for Irish Water leading to the putting in place of a detailed implementation strategy in respect of the water services reform programme. Work progressed on the relevant legislative framework, leading the following year to enactment of two Water Services Acts. The first, enacted in March 2013, provided for the establishment of Irish Water on an interim basis and the roll-out of the nationwide domestic metering programme. In December, the Water Services (No. 2) Act 2013 provided for the full establishment of Irish Water and the economic regulation of the new utility.

During 2012, funding of €53 million was provided under Axes 3 and 4 of the LEADER Rural Development Programme (RDP) resulting in 1,056 infrastructural enhancements in villages and communities across the country and support for 662 new tourism actions. Enterprise support funding was provided to 1,347 enterprises under a number of RDP programme measures, resulting in the creation of 570 full-time jobs.

The Local and Community Development Programme (LCDP) provided funding of some €54 million to local development bodies for the delivery of the Programme in 2012. During the year, some 47,790 persons were supported to enter the labour market by the LCDP; 16,830 persons progressed into labour market training as a result of LCDP intervention; and 7,050 individuals progressed into employment or self-employment as a result of LCDP actions.

Mr. Chairman, chapter 4 of the Comptroller's Annual Report on Vote Accounting records the key points in the history of the Electronic Voting project extending 13 years back to 2001 and the actions taken by the Department in light of the Government decision in 2009 not to proceed with implementation of electronic voting in Ireland. The 2012 Appropriation Account records the sale of the equipment in that year following an open tendering process and includes the necessary associated financial provision for the disposal of the equipment. Since the finalisation of the chapter, we have made arrangements for the conclusion of the last remaining lease in respect of premises for the storage of the equipment.

The chapter of the Comptroller's Annual Report concerning Central Government Funding of Local Authorities provides an overview of local authority expenditure and income since 2006, detailing the range of programmes for which local authorities are responsible and the range of funding sources. In 2012, some €2.9 billion was provided by central government to assist authorities in providing essential public services at local level.

In terms of accountability, as the Committee is aware, under the existing policy and legislative framework, the Local Government Audit Service (LGAS) provides independent scrutiny of the financial stewardship of local authorities and other local bodies. The LGAS audits local government bodies in accordance with a statutory *Code of Audit Practice*, thereby fostering the highest standards of financial management and public accountability. Where the annual audit has been completed by the local government auditor, the local authority is required to furnish a copy of the audited financial statement and any associated statutory audit report to every member of the local authority for their consideration at the next practicable Council meeting.

Section 61 of the Local Government Reform Act 2014 provides for the establishment of a new National Oversight and Audit Commission for Local Government. The NOAC will scrutinise local government performance in fulfilling national, regional and local mandates, scrutinise value for money where State funds are channelled through local government and support the development of best practice and enhanced efficiency in the performance of local government functions. The Commission, which will be statutorily independent, will comprise members with expertise in local government, finance, audit, corporate governance and customer service.

The final item on the agenda today is the C and AG's chapter concerning Costs of Land Remediation. The chapter touches on issues which are the responsibility of a number of Government Departments.

As far as my own Department is concerned, the chapter details expenditure of almost €100 million on the remediation of landfill sites; it also notes expected future costs of €10 million in relation to these sites and substantial, though not yet quantified, costs that will arise in respect of the long-term remediation of the Kerdiffstown site in County Kildare. These figures are updated to €113 million and €15 million respectively at the end of 2013 in the briefing paper I have circulated to the Committee. It is likely that there will also be substantial costs incurred at the former Greenstar landfill at Kilconnell, East Galway.

I might add that the paper also updates the estimated cost to the Department of the Mahon Tribunal as referred to in the Appropriation Account 2012. A revised estimate prepared by the Tribunal Registrar in May 2014 indicates an overall such cost of €159 million; expenditure on the Tribunal from the Vote at the end of 2013 amounted to €106 million, so remaining costs are now estimated at €53 million. This reduction in estimated Tribunal costs, from €196 million in 2012, reflects the fact that a significant volume of cases and third party costs have been settled since that

estimate was made, which has facilitated the preparation of a more up-to-date estimate of potential final costs.

To conclude, Mr. Chairman, the matters I have referred to illustrate well the range of programmes and activities for which my Department has responsibility.

I am, of course, happy to respond to questions on these and other issues that emerge in the course of the Committee's work today. Thank you.