

# ENVIRONMENT FUND

## Accounts 2011 and Comptroller and Auditor General Report



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# **ENVIRONMENT FUND**

## **Accounts 2011 and Comptroller and Auditor General Report**

## Environment Fund Accounts 2011

- **General**

The Environment Fund was established by the Waste Management (Amendment) Act 2001 (No. 36 of 2001), to be managed and controlled by the Minister for the Environment, Community and Local Government. The Fund was established with effect from 17 July 2001.

Environmental Levies were introduced in respect of plastic bags by the Waste Management (Environmental Levy) (Plastic Bag) Regulations 2001 (S.I. No. 605 of 2001) and in respect of landfill by the Waste Management (Landfill Levy) Regulations 2002 (S.I. No. 86 of 2002).

The proceeds of the Environmental Levy on the supply of plastic bags, collected by the Revenue Commissioners, and the Environmental Levy on the landfilling of waste, collected by local authorities, are paid into the Fund.

Collection costs incurred by the Revenue Commissioners are reimbursed from the Fund, while each local authority may deduct and retain up to 2% (maximum of €50,000 per annum) from levies payable in respect of privately operated landfill facilities, to meet expenses incurred by them in the enforcement and collection of levies.

Expenditure from the Fund in respect of collection of the Environmental Levy on the supply of plastic bags is agreed under an operation and service level agreement with the Revenue Commissioners.

Other expenditure is authorised by the Minister in accordance with the purposes permitted by the Waste Management legislation.

Section 74(9) of the Waste Management Act 1996 (as inserted by Section 12 of the Waste Management (Amendment) Act, 2001 and Section 14 of the Environment (Miscellaneous Provisions) Act, 2011) specifies the purposes for which payments may be made from the Environment Fund.

## Statement of Accounting Policies

The accounts have been prepared on an accruals basis.

- **Income**

Income from the Environmental Levy on the supply of plastic bags is the amount collected by the Office of the Revenue Commissioners. Income from the Environmental Levy on the Landfill of Waste is the amount collected by local authorities, less amounts retained from levies paid in respect of privately operated facilities.

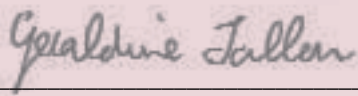
- **Expenditure**

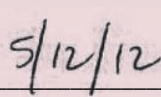
In the case of goods and services, an expense/liability is recognised when the supplier has met the contractual requirement to provide goods and services ordered and presented an invoice. In the case of grants, an expense/liability is recognised when the grantee has met all requirements for the grant being paid.

## Environment Fund Income and Expenditure Account for the year ended 31 December 2011

		2011	2010
	Notes	€	€
<b>Income</b>			
Environmental Levy on the Landfill of Waste	1	46,422,722	42,660,984
Environmental Levy on Plastic Bags	2	15,725,008	17,457,667
Interest on Investments	3	425,738	265,719
		<u>62,573,468</u>	<u>60,384,370</u>
<b>Expenditure</b>			
Enforcement Initiatives	4	13,538,483	12,341,663
Environmental Protection Agency Research and Development	5	13,004,836	10,513,828
Recycling Operational Costs	6	12,000,000	14,363,500
Waste Management including Recycling Projects	7	9,273,086	8,189,360
Built and Natural Heritage Projects	8	9,239,936	946,326
Remediation of Landfill/Illegal Sites	9	6,110,723	-
Waste Prevention and National Market Development Programmes	10	5,199,917	4,899,507
Water Quality	11	4,322,813	492,799
Environment Awareness	12	2,592,998	2,417,522
Contributions to National and International Bodies	13	2,555,107	2,559,457
Office of Environmental Enforcement	14	2,200,000	2,200,000
Anti-Litter Initiatives	15	1,945,919	1,966,312
Nuclear Safety	16	1,395,077	-
Environmental Levy Collection Costs	17	398,591	400,454
Sea Lettuce Intervention	18	257,584	-
Comhar – the Sustainable Development Council	19	153,040	410,604
Pollution Control Air/Climate	20	143,722	366,178
Environmental International Sustainability	21	70,504	80,623
Tidy Towns	22	57,744	-
Waste Prevention Operational Costs	23	10,554	34,857
International Review of Waste Management Policy		-	84,265
Hazardous Waste Management Facilitation		-	1,800,000
Producer Responsibility Initiatives		-	388,833
		<u>84,470,634</u>	<u>64,456,088</u>
Deficit for the Year		(21,897,166)	(4,071,718)
Accumulated Surplus at 1 January		<u>35,852,168</u>	<u>39,923,886</u>
Accumulated Surplus at 31 December		<u>13,955,002</u>	<u>35,852,168</u>

The Statement of Accounting Policies on Page 2 and Notes 1 to 27 form part of these Accounts.

Signed   
Geraldine Tallon  
Secretary General

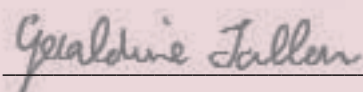
Date: 

## Environment Fund Balance Sheet as at 31 December 2011

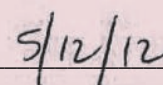
	<u>Notes</u>	2011 €	2010 €
<b><u>Current Assets</u></b>			
Bank		2,927,787	26,889,318
Environmental Levy on the Landfill of Waste due from Local Authorities	24	7,770,145	5,383,403
Environmental Levy on Plastic Bags due from Revenue Commissioners	25	4,292,311	4,543,972
Prepayments	26	145,299	131,619
		<u>15,135,542</u>	<u>36,948,312</u>
<b><u>Current Liabilities</u></b>			
Accrued Expenses	27	1,180,540	1,096,144
		<u>1,180,540</u>	<u>1,096,144</u>
<b>Net Assets</b>		<u>13,955,002</u>	<u>35,852,168</u>
<b>Represented by Accumulated Surplus on Income and Expenditure Account</b>		<u>13,955,002</u>	<u>35,852,168</u>

The Statement of Accounting Policies on Page 2 and Notes 1 to 27 form part of these Accounts.

Signed

  
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Date:

  
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Geraldine Tallon  
Secretary General

## Environment Fund Cash Flow Statement as at 31 December 2011

	2011	2010
	€	€
<b><u>Reconciliation of deficit to net cash inflow from operating activities</u></b>		
Deficit for the Year	(21,897,166)	(4,071,718)
Deposit Interest Earned	(425,738)	(265,719)
(Increase)/Decrease in Levies due and Prepayments	(2,148,761)	773,525
Increase in Accrued Expenses	84,396	315,622
Net Cash Inflow from Operating Activities	<u>(24,387,269)</u>	<u>(3,248,290)</u>
<b>Cash Flow Statement</b>		
Net Cash Flow from Operating Activities	(24,387,269)	(3,248,290)
<b>Return on Investments and Servicing of Finance</b>		
Deposit Interest Earned	425,738	265,719
Decrease in Cash	<u>(23,961,531)</u>	<u>(2,982,571)</u>
<b><u>Reconciliation of net cash flows to movement in net funds</u></b>		
Changes in Net Funds resulting from Cash Flow		
Net Funds at the beginning of the Year	26,889,318	29,871,889
Net Funds at the end of the Year	2,927,787	26,889,318
Decrease in Cash in the Year	<u>(23,961,531)</u>	<u>(2,982,571)</u>

The Statement of Accounting Policies on Page 2 and Notes 1 to 27 form part of these Accounts.

Signed Geraldine Tallon

Geraldine Tallon  
Secretary General

Date: 5/12/12

## Notes to the Accounts

### 1. Receipts from the Environmental Levy on the Landfill of Waste

This figure represents the amounts collected by local authorities in respect of the Environmental Levy on the Landfill of Waste. This is summarised as follows:

	2011 €	2010 €
Levy on the Landfill of Waste from privately operated landfills	26,619,900	19,279,315
Levy on the Landfill of Waste from landfills operated by local authorities	19,801,779	23,380,209
Levy on the Landfill of Waste from unauthorised landfills	1,043	1,460
<b>Total</b>	<b><u>46,422,722</u></b>	<b><u>42,660,984</u></b>

In 2011, a total of €200,000 (€200,000 in 2010) was retained by local authorities from levies collected under Regulation 8 (3) of the Waste Management (Landfill Levy) Regulations 2011 and a further €4,172 (€5,840 in 2010) was retained by local authorities from levies collected under Regulation 10 (4) of the Regulations.

### 2. Receipts from the Environmental Levy on the supply of plastic bags

This figure represents the amount collected from retailers by the Revenue Commissioners.

### 3. Interest on Investments

This figure represents interest earned from the investment of funds awaiting dispersal.

### 4. Enforcement Initiatives

This expenditure is in respect of grants paid to local authorities and other appropriate bodies in support of enforcement initiatives. €1,866,937 of the expenditure incurred under this heading in 2011 (€2,573,425 in 2010) relates to payments made under a framework agreement between the Irish State and the Northern Irish authorities, to repatriate waste illegally deposited in Northern Ireland, which had originated in the Republic of Ireland. At 31 December 2011, work had been carried out on removing waste from 3 of the 17 sites specified under the framework agreement. It is expected that there will be further costs incurred by the Irish State under the terms of the framework agreement. The exact costs, and the timing of those costs, cannot yet be accurately estimated.



## Notes to the Accounts (continued)

### 5. Environmental Protection Agency Research and Development

This is a re-imbusement of the costs incurred by the Environmental Protection Agency in respect of Research and Development. Expenditure in 2011 in respect of Climate Change Research and Development amounted to €2.5m. In 2010, expenditure of €2.5m was incurred in respect of activities in this area from Vote 25 - Environment, Community and Local Government.

### 6. Recycling Operational Costs

This represents payments made to local authorities from the Fund to assist in meeting the operational cost of waste management infrastructure.

### 7. Waste Management including Recycling Projects

This represents payments made to local authorities from the Fund to assist in meeting the capital costs of providing waste management infrastructure. Funding was also provided towards the costs of planning and procurement for major local authority waste management infrastructure. This is summarised as follows:

	2011	2010
	€	€
Waste Management - Capital Grants Scheme	8,976,232	5,479,744
Planning & Procurement for major local authority infrastructure projects	296,854	2,709,616
<b>Total</b>	<b><u>9,273,086</u></b>	<b><u>8,189,360</u></b>

## Notes to the Accounts (continued)

### 8. Built and Natural Heritage Projects

This relates to the Built and Natural Heritage area and includes expenditure under the headings of Land Management for Nature, Research and Surveys, Architectural and Archaeological Heritage Projects, Biodiversity Awareness Campaign, Proposed Raised Bog Restoration Project and Response to Asian Clam Threat. Prior to 2011, activities in this area, with the exception of the Biodiversity Awareness Campaign, received funding from Vote 25 - Environment, Community and Local Government.

Under the heading of Land Management for Nature, expenditure was incurred in relation to a settlement of a legal case (€2,350,000) and payment of the associated legal costs (€187,236). The case was taken by a commercial turf cutter company that had to cease activity as the bog the company had been operating commercially was designated as a Special Area of Conservation (SAC).

As part of the transfer of Departmental functions in 2011 (S.I. No. 192 of 2011), responsibility for Heritage functions were transferred from Vote 25 - Department of Environment, Community and Local Government to Vote 35 - Department of Arts, Heritage and the Gaeltacht with effect from 1 May, 2011. Arising from the transfer of functions, it was agreed between the two Departments that the previously agreed allocation provided in the Fund for Heritage projects in 2011 would continue to be made available in that year and as a result expenditure of €9,239,936 was incurred. It was also agreed that future allocations from the Fund would continue to be made available to the Department of Arts, Heritage and the Gaeltacht in respect of Heritage projects that met the legislative requirements for spending from the Fund. Allocation proportions were also agreed for the years 2012 – 2014. The agreement will be reviewed in the last quarter of 2014 or at an earlier date if requested by the Secretary General of either Department.

## Notes to the Accounts (continued)

### 9. Remediation of Landfill/Illegal Sites

Kerdiffstown landfill payments are grant payments to the Environmental Protection Agency in respect of costs incurred by the agency in the remediation of the Kerdiffstown landfill site.

Landfill remediation capital expenditure is in respect of grants paid to local authorities in support of the remediation of closed licensed local authority landfills. In 2011, grants for the remediation of closed landfills, amounting to €1,000,652, were also paid to local authorities from Vote 25 - Environment, Community and Local Government (€3,526,303 in 2010).

Illegal sites (current) expenditure represents payments made in respect of the former ISPAT site at Haulbowline.

	2011	2010
	€	€
Kerdiffstown	4,000,000	-
Landfill Remediation Capital	2,001,918	-
Illegal Sites (Current)	108,805	-
<b>Total</b>	<b><u>6,110,723</u></b>	<b><u>-</u></b>

### 10. Waste Prevention and National Market Development Programmes

Expenditure under this heading is summarised as follows:

	2011	2010
	€	€
National Waste Prevention Programme	4,115,200	4,022,000
National Market Development Programme	1,084,067	719,606
National Strategy on Biodegradable Waste	650	157,901
<b>Total</b>	<b><u>5,199,917</u></b>	<b><u>4,899,507</u></b>

### 11. Water Quality

This expenditure relates to grant aid contributions towards various initiatives concerning water quality. Payments to the Environmental Protection Agency for Water Quality Monitoring and Assessment had previously been paid for from Vote 25 - Environment, Community and Local Government (€4m in 2010). Expenditure in this area is summarised as follows:

	2011	2010
	€	€
Environmental Protection Agency – Water Quality Monitoring and Assessment Programme	4,026,960	-
Blue Flag Scheme	199,153	200,000
Funding of NGO (SWAN/VOICE)	69,150	151,191
Water Quality Research	27,550	141,608
<b>Total</b>	<b><u>4,322,813</u></b>	<b><u>492,799</u></b>

## Notes to the Accounts (continued)

### 12. Environment Awareness

This figure represents expenditure on environmental awareness raising and Environmental Non-Governmental Organisations (ENGO) capacity building. This is summarised as follows:

	2011	2010
	€	€
Irish Environmental Network (EENGO)- Core/ Capacity & Project Funding	945,500	921,570
Local Agenda 21 Partnership Fund Grant Assistance	383,750	304,286
- Civic Responsibility Week	347,560	-
- Cultivate Greenhouse	323,028	201,677
- Green Schools	200,000	200,000
- External Awareness Campaigns	160,893	-
- Birdwatch	62,000	-
- New Digital ENFO Service	50,000	55,000
- Young Environmentalists Awards	30,000	31,500
- SEAI (One Good Idea)	25,000	40,000
- An Taisce - Planning Process	20,000	70,000
- Cork Environmental Forum	13,000	16,200
- Cultivate Convergence Festival	10,000	45,000
- Green Awards	9,000	-
- Sherkin Island Marine Station	8,000	8,000
- FEASTA	-	140,000
- Crossing the Line Films	-	30,000
- An Taisce – Green Communities	-	10,000
Advertising	5,060	61
Printing & Publishing	207	5,167
Climate Change Awareness Initiative	-	339,061
<b>Total</b>	<b><u>2,592,998</u></b>	<b><u>2,417,522</u></b>

## Notes to the Accounts (continued)

### 13. Contributions to National and International Bodies

This figure represents Ireland's national mandatory and voluntary contributions to organisations concerned with the protection of the environment. These are summarised as follows:

	2011	2010
	€	€
Global Environment Facility	1,420,000	1,469,000
Vienna Convention/Montreal Protocol for the Protection of the Ozone Layer	491,468	489,270
United Nations Environment Fund	317,000	317,000
United Nations Framework Convention on Climate Change (UNFCCC)	131,619	135,121
OSPAR Convention on Protection of the Marine Environment of the North-East Atlantic	59,685	38,695
Geneva Convention on Long Range Transboundary Air Pollution	37,289	35,244
Cartagena Protocol on Biosafety	24,248	-
Basel Convention	21,751	39,000
Aarhus Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters	17,612	13,262
Stockholm Convention	14,877	2,485
Convention on Environmental Impact Assessment in a Transboundary Context (ESPOO)	10,000	10,000
Royal Irish Academy	9,558	10,380
<b>Total</b>	<b><u>2,555,107</u></b>	<b><u>2,559,457</u></b>

### 14. Office of Environmental Enforcement

This is a re-imburement of the costs incurred by the Environmental Protection Agency in respect of the operations of the Office of Environmental Enforcement.

### 15. Anti-Litter Initiatives

This figure represents expenditure on a range of initiatives including:

	2011	2010
	€	€
Local Authority Anti-Litter Awareness Grants	1,564,118	1,573,612
National Spring Clean	249,312	260,000
Irish Business Against Litter National Litter League	70,000	70,000
National Litter Pollution Monitoring System	62,489	62,700
<b>Total</b>	<b><u>1,945,919</u></b>	<b><u>1,966,312</u></b>

## Notes to the Accounts (continued)

### 16. Nuclear Safety

This funding relates to continuing legal and scientific researches in this area, with particular reference to the Sellafield complex in the UK, in accordance with Government policy. In 2010, expenditure of €884,738 was incurred in respect of activities in this area from Vote 25 - Environment, Community and Local Government.

### 17. Environmental Levy Collection Costs

This figure represents the annual service fee agreed with the Revenue Commissioners for the operation of the Environmental Levy on the supply of plastic bags.

### 18. Sea Lettuce Intervention

This expenditure represents grant assistance to local authorities in dealing with the excess accumulation of sea lettuce.

### 19. Comhar – the Sustainable Development Council

Comhar is the forum for national consultation and dialogue on all issues relating to sustainable development. This expenditure represents an annual contribution to its activities.

### 20. Pollution Control Air/Climate

This figure represents funding towards the running of European Mobility Week, funding measures aimed at reducing noise/air pollution as well as expenditure incurred in the development and implementation of national policy on climate change. This is summarised as follows:

	2011	2010
	€	€
European Mobility Week	55,780	124,847
Air/Noise pollution control	54,783	156,934
Climate Change	33,159	84,397
<b>Total</b>	<b><u>143,722</u></b>	<b><u>366,178</u></b>

## Notes to the Accounts (continued)

### 21. Environmental International Sustainability

This figure represents a contribution towards the Irish National Accreditation Body (INAB) and initiatives to advance the Government's Green Public Procurement (GPP) policies, especially the preparation of a National Action Plan on GPP.

### 22. Tidy Towns

This figure represents the contribution made by the Fund towards the funding of Tidy Towns competitions in Vote 25 - Environment, Community and Local Government. The specific tidy town competitions supported by the Fund were Ireland's Best Kept Towns, Entente Florale and Communities in Bloom.

### 23. Waste Prevention Operational Costs

This figure represents expenditure on advertising and publication services.

### 24. Environmental Levy on the Landfill of Waste

Amounts owed to the Fund by local authorities at 31 December 2011 were as follows:

	2011	2010
	€	€
Levy on the Landfill of Waste from privately operated landfills	6,390,078	3,924,330
Levy on the Landfill of Waste from landfills operated by local authorities	1,277,823	1,356,393
Levy on the Landfill of Waste from unauthorised landfills	102,244	102,680
<b>Total</b>	<u><u>7,770,145</u></u>	<u><u>5,383,403</u></u>

### 25. Environmental Levy on Plastic Bags

This is the net liability of the Revenue Commissioners to the Fund at 31 December 2011.

## Notes to the Accounts (continued)

### 26. Prepayments

Prepayments at 31 December 2011 were as follows:

	2011	2010
	€	€
Contributions to International Organisations	142,384	131,619
Deposit for the hire of conference rooms	2,915	-
<b>Total</b>	<b><u>145,299</u></b>	<b><u>131,619</u></b>

### 27. Accrued Expenses

Accrued Expenses at 31 December 2011 were as follows:

	2011	2010
	€	€
Waste Management including recycling projects	520,366	923,249
Professional Services Withholding Tax and Value Added Tax to be paid over to the Revenue Commissioners in respect of December 2011	258,764	20,906
National Market Development Programme	160,419	18,528
Costs relating to Nuclear Safety	129,678	-
Enforcement grant due to local authority	103,091	103,091
Consultancy costs associated with the National Litter Pollution Monitoring System	5,597	11,929
Costs associated with Environmental Awareness	2,625	-
Cost associated with the National Sustainable Development Partnership including printing and advertising	-	7,523
Costs associated with Environment International sustainability	-	7,260
Costs associated with Biodiversity Awareness	-	3,250
Costs associated with EPA review	-	408
<b>Total</b>	<b><u>1,180,540</u></b>	<b><u>1,096,144</u></b>





## Comptroller and Auditor General Report for presentation to the Houses of the Oireachtas

### Environment Fund

I have audited the financial statements of the Environment Fund for the year ended 31 December 2011 under the Waste Management Act 1996. The financial statements, which have been prepared under the accounting policies set out therein, comprise the Statement of Accounting Policies, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and Generally Accepted Accounting Practice in Ireland.

### Responsibilities of the Department of the Environment, Community and Local Government

The Department is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view of the transactions of the Fund and of its state of affairs and for ensuring the regularity of transactions.

### Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and report on them in accordance with applicable law.

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

I also seek to obtain evidence about the regularity of financial transactions in the course of audit.

### Opinion on the Financial Statements

In my opinion, the financial statements, which have been properly prepared in accordance with generally accepted accounting practice in Ireland, give a true and fair view of the transactions of the Fund for the year ended 31 December 2011 and of the state of its affairs at that date.

In my opinion, proper books of account have been kept by the Department. The financial statements are in agreement with the books of account.

### Matters on which I Report by Exception

I report by exception if

- I have not received all the information and explanations I required for my audit, or
- my audit noted any material instance where moneys have not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- I find there are other material matters relating to the manner in which public business has been conducted.

I have nothing to report in regard to those matters upon which reporting is by exception.

Seamus McCarthy  
Comptroller and Auditor General  
5 December 2012

