

ENVIRONMENT FUND

Accounts 2010 and Comptroller and Auditor General Report



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and
Comptroller and Auditor
General Report

Pm A11/2133

Environment Fund Accounts 2010

- **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) specifies the purposes for which payments may be made from the Environment Fund. The Waste Management (Environment Fund) (Prescribed Payments) Regulations 2003 (S.I. No. 478 of 2003) extend these purposes to include initiatives undertaken in the State, or on an international or trans-national basis relating to the protection of the environment and/or sustainable development, including areas such as research and development together with contributions to international organisations.

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.

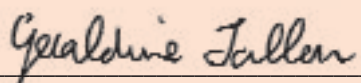
- **Expenditure**

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, 2010

<u>Income</u>	<u>Notes</u>	2010 €	2009 €
Environmental Levy on the Landfill of Waste	1	42,660,984	31,941,650
Environmental Levy on Plastic Bags	2	17,457,667	23,466,113
Interest on Investments	3	265,719	354,761
		<u>60,384,370</u>	<u>55,762,524</u>
<u>Expenditure</u>			
Recycling Operational Costs	4	14,363,500	14,212,500
Local Authority Enforcement Initiatives	5	12,341,663	8,655,498
Environmental Protection Agency Research & Development	6	10,513,828	11,140,000
Waste Management including Recycling Projects	7	8,189,360	2,726,123
Waste Prevention and National Market Development Programmes	8	4,899,507	4,223,114
Contributions to National and International Bodies	9	2,559,457	2,492,219
Environment Awareness	10	2,417,522	4,345,932
Office of Environmental Enforcement	11	2,200,000	2,200,000
Anti-Litter Initiatives	12	1,966,312	1,652,708
Hazardous Waste Management Facilitation	13	1,800,000	-
Biodiversity Awareness Campaign	14	571,381	358,812
Water Quality	15	492,799	400,824
Comhar – the Sustainable Development Council	16	410,604	441,593
Environmental Levy Collection Costs	17	400,454	397,133
Producer Responsibility Initiatives	18	388,833	2,185,015
Architectural and Archaeological Heritage Projects	19	374,945	209,278
Pollution Control Air/Climate	20	366,178	129,232
International Review of Waste Management Policy	21	84,265	159,791
Environmental International Sustainability	22	80,623	60,000
Waste Prevention Operational Costs	23	34,857	50,483
		<u>64,456,088</u>	<u>56,040,255</u>
Deficit for the Year		(4,071,718)	(277,731)
Accumulated Surplus at 1 January		<u>39,923,886</u>	<u>40,201,617</u>
Surplus at 31 December		<u>35,852,168</u>	<u>39,923,886</u>

The Statement of Accounting Policies on Page 2 and Notes 1 to 26 form part of these Accounts.

Signed 
G. Tallon
Secretary General

Date: 21 October 2011

Environment Fund Balance Sheet as at 31 December 2010.

	<u>Notes</u>	2010 €	2009 €
<u>Current Assets</u>			
Bank		26,889,318	29,871,889
Environmental Levy on the Landfill of Waste due from Local Authorities	24	5,383,403	3,315,394
Environmental Levy on Plastic Bags due from Revenue Commissioners	25	4,543,972	7,356,335
Prepayments	26	<u>131,619</u>	<u>160,790</u>
		<u>36,948,312</u>	<u>40,704,408</u>
<u>Current Liabilities</u>			
Accruals	26	<u>1,096,144</u>	<u>780,522</u>
		<u>1,096,144</u>	<u>780,522</u>
Net Assets		<u>35,852,168</u>	<u>39,923,886</u>
Represented by Surplus on Income and Expenditure Account		<u>35,852,168</u>	<u>39,923,886</u>

The Statement of Accounting Policies on Page 2 and Notes 1 to 26 form part of these Accounts.

Signed Geraldine Tallon

G. Tallon
Secretary General

Date: 21 October 2011

Environment Fund

Cash Flow Statement as at 31 December, 2010

	2010	2009
	€	€
<u>Reconciliation of deficit to net cash inflow from operating activities</u>		
Deficit for the Year	(4,071,718)	(277,731)
Deposit Interest Earned	(265,719)	(354,761)
Decrease in Debtors	773,525	720,313
Increase/(Decrease) in Creditors	315,622	(896,094)
Net Cash Inflow from Operating Activities	<u>(3,248,290)</u>	<u>(808,273)</u>
Cash Flow Statement		
Net Cash Flow from Operating Activities	(3,248,290)	(808,273)
Return on Investments and Servicing of Finance		
Deposit Interest Earned	265,719	354,761
Decrease in Cash	<u>(2,982,571)</u>	<u>(453,512)</u>
<u>Reconciliation of net cash flows to movement in net funds</u>		
Changes in Net Funds resulting from Cash Flow		
Net Funds at the beginning of the Year	29,871,889	30,325,401
Net Funds at the end of the Year	<u>26,889,318</u>	<u>29,871,889</u>
Decrease in Cash in the Year	<u>(2,982,571)</u>	<u>(453,512)</u>

The Statement of Accounting Policies on Page 2 and Notes 1 to 26 form part of these Accounts.

Signed Geraldine Tallon

G. Tallon
Secretary General

Date: 21 October 2011

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:

	2010	2009
	€	€
Levy on the Landfill of Waste from landfills operated by local authorities	23,380,209	20,955,972
Levy on the Landfill of Waste from privately operated landfills	19,279,315	10,983,278
Levy on the Landfill of Waste from unauthorised landfills	1,460	2,400
Total	<u>42,660,984</u>	<u>31,941,650</u>

€205,840 (€199,055 in 2009) was retained by local authorities from levies, under section 8 (3) of the Waste Management (Landfill Levy) Regulations 2008, for the purpose of defraying expenses incurred in the enforcement and collection of the levy at privately operated landfill facilities.

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. Recycling Operational Costs

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

Notes to the Accounts (continued)

5. Local Authority Enforcement Initiatives

This expenditure is in respect of grants paid to local authorities in support of enforcement initiatives.

6. Environmental Protection Agency Research & Development

This is a re-imbusement of the costs incurred by the Environmental Protection Agency in respect of Research and Development.

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 of major local authority waste management infrastructure. This is summarised as follows:

	2010	2009
	€	€
Waste Management - Capital Grants Scheme	5,479,744	2,344,849
Planning & Procurement for major local authority infrastructure projects	2,709,616	381,274
Total	<u>8,189,360</u>	<u>2,726,123</u>

8. Waste Prevention and National Market Development Programmes

Expenditure under this heading is summarised as follows:

	2010	2009
	€	€
National Waste Prevention Programme	4,022,000	3,633,045
National Market Development Programme	719,606	583,682
National Strategy on Biodegradable Waste	157,901	6,387
Total	<u>4,899,507</u>	<u>4,223,114</u>

Notes to the Accounts (continued)

9. 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:

	2010	2009
	€	€
Global Environment Facility	1,469,000	1,421,000
Vienna Convention/Montreal Protocol for the Protection of the Ozone Layer	489,270	490,052
United Nations Environment Fund	317,000	317,000
United Nations Convention on Climate Change (UNFCCC)	135,121	118,487
Basel Convention	39,000	17,857
OSPAR Convention on Protection of the Marine Environment of the North-East Atlantic	38,695	37,684
Geneva Convention on Long Range Transboundary Air Pollution	35,244	35,641
Aarhus Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters	13,262	13,565
Royal Irish Academy	10,380	10,861
Convention on Environmental Impact Assessment in a Transboundary Context (ESPOO)	10,000	10,000
Stockholm Convention	2,485	-
Cartagena Protocol on Biosafety	-	10,691
Forum on Contaminated Soil	-	7,381
United Nations Economic Commission for Europe (UNECE)	-	2,000
Total	<u>2,559,457</u>	<u>2,492,219</u>

Notes to the Accounts (continued)

10. Environment Awareness

This figure represents expenditure on the waste and climate awareness campaign and grant assistance provided for various environment awareness initiatives. This is summarised as follows:

	2010	2009
	€	€
Irish Environmental Network (EENGO)- Core / Capacity & Project Funding	921,570	779,012
Climate Change Awareness Initiative	339,061	-
Local Agenda 21 Partnership Fund Grant Assistance	304,286	311,405
- Cultivate Greenhouse	201,677	85,000
- Green Schools	200,000	-
- FEASTA	140,000	-
- An Taisce - Planning Process	70,000	80,000
- New Digital ENFO Service	55,000	220,000
- Cultivate Convergence Festival	45,000	50,000
- SEI	40,000	-
- Young Environmentalists Awards	31,500	35,000
- Crossing the Line Films	30,000	90,000
- Cork Environmental Forum	16,200	-
- An Taisce – Green Communities	10,000	10,000
- Sherkin Island Marine Station	8,000	8,000
- Young Social Innovators	-	10,000
Printing & Publishing	5,167	-
Advertising	61	-
Climate Change Awareness Campaign	-	2,664,015
Sponsorship for Seminar - Urban Governance and the Citizen	-	3,500
Total	<u>2,417,522</u>	<u>4,345,932</u>

11. 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.

Notes to the Accounts (continued)

12. Anti-Litter Initiatives

This figure represents expenditure on a range of initiatives including:

	2010	2009
	€	€
Local Authority Anti-Litter Awareness Grants	1,573,612	1,149,541
National Spring Clean	260,000	318,674
Irish Business Against Litter National Litter League	70,000	80,270
National Litter Pollution Monitoring System	62,700	104,223
Total	<u>1,966,312</u>	<u>1,652,708</u>

13. Hazardous Waste Management Facilitation

This expenditure was incurred in a settlement of a case related to works at the former ISPAT site at Haulbowline. Legal costs of €378,784 associated with the settlement have been charged to the Vote of the Department of the Environment, Community and Local Government.

14. Biodiversity Awareness Campaign

This expenditure relates to the support of projects and targeted public awareness initiatives that enhance awareness of Irish biodiversity, increase awareness of the underlying threats to biodiversity and highlight issues such as the economic costs of not conserving biodiversity and the essential links between biodiversity, food production, nutrition and health.

15. Water Quality

This expenditure relates to grant aid contributions towards various initiatives concerning water quality. These are summarised as follows:

	2010	2009
	€	€
Blue Flag Scheme	200,000	199,802
Funding of NGO (SWAN/VOICE)	151,191	168,331
Water Quality Research	141,608	12,691
Protection and improvement of water quality	-	20,000
Total	<u>492,799</u>	<u>400,824</u>

Notes to the Accounts (continued)

16. Comhar – the Sustainable Development Council

Comhar is the forum for national consultation and dialogue on all issues relating to sustainable development. The Fund makes an annual contribution to its activities.

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. Producer Responsibility Initiatives

This figure represents expenditure in relation to initiatives on farm plastic waste.

	2010	2009
	€	€
Farm plastic waste initiative	388,833	1,934,850
End of life of vehicles (ELVs)	-	250,000
Packaging Waste	-	165
Total	<u>388,833</u>	<u>2,185,015</u>

19. Architectural and Archaeological Heritage Projects

This figure represents expenditure on architectural and archaeological heritage projects, including activity on research, surveys, conferences, the establishment of heritage trails and related interpretation, small scale archaeological conservation projects and other projects promoting awareness of architectural and archaeological heritage.

20. Pollution Control Air/Climate

This figure represents the contribution by the Fund 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:

	2010	2009
	€	€
Air/Noise pollution control	156,934	45,867
European Mobility Week	124,847	68,939
Climate Change	84,397	14,426
Total	<u>366,178</u>	<u>129,232</u>

Notes to the Accounts (continued)

21. International Review of Waste Management Policy

This figure represents expenditure to support an International Review of Waste Management Policy as set out in the 2007 Programme for Government and associated policy measures.

22. Environmental International Sustainability

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

23. Waste Prevention Operational Costs

This figure represents expenditure on advertising for a public consultation on waste facility levies, advertising costs associated with the 2010 Draft Statement on Waste Policy and the transposition of the Waste Framework Directive, as well as expenditure on publication and Irish language services.

24. Environmental Levy on the Landfill of Waste

Amounts owed to the Fund by local authorities at 31 December, 2010 were as follows:

	2010	2009
	€	€
Levy on the Landfill of Waste from privately operated landfills	3,924,330	1,650,664
Levy on the Landfill of Waste from landfills operated by local authorities	1,356,393	1,562,730
Levy on the Landfill of Waste from unauthorised landfills	102,680	102,000
Total	<u>5,383,403</u>	<u>3,315,394</u>

25. Environmental Levy on Plastic Bags

This is the net liability of the Revenue Commissioners to the Fund at 31 December, 2010.

Notes to the Accounts (continued)

26. Prepayments and Accruals

Prepayments at 31 December, 2010 were as follows:

	2010	2009
	€	€
Contributions to International Organisations	131,619	141,780
Research Grant	-	19,010
Total	<u>131,619</u>	<u>160,790</u>

Accrued Expenses at 31 December, 2010 were as follows:

	2010	2009
	€	€
Waste Management including recycling projects	923,249	10,597
Enforcement grant due to local authority	103,091	103,091
Professional Services Withholding Tax and Value Added Tax to be paid over to the Revenue Commissioners in respect of December, 2010	20,906	47,112
National Market Development Programme	18,528	145,259
Consultancy costs associated with the National Litter Pollution Monitoring System	11,929	13,456
Cost associated with the National Sustainable Development Partnership including printing and advertising	7,523	6,803
Costs associated with Environment International sustainability	7,260	-
Costs associated with Biodiversity Awareness	3,250	26,500
Costs associated with EPA review	408	-
Costs relating to Farm Plastics scheme	-	245,019
Costs associated with Environmental Awareness	-	153,023
Costs associated with Architectural and Archaeological Heritage Projects	-	29,662
Total	<u>1,096,144</u>	<u>780,522</u>



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 2010 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 2010 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.

John Buckley
Comptroller and Auditor General
26 October, 2011

