

# ENVIRONMENT FUND

## Accounts 2006 and Comptroller and Auditor General Report



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# **ENVIRONMENT FUND**

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## Environment Fund Accounts

- **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, Heritage 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.

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**

Expenditure from the Fund in respect of collection of plastic bag levies 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.

- **Accrued Income**

This represents income due to the Fund on 31 December 2006, which had not been received by that date.


- **Accrued Expenditure**

In the case of goods and services, an accrued 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, a liability is recognised when the grantee has met all requirements for the grant being paid, but has yet to receive payment.

## Environment Fund Income and Expenditure Account for the period 1 January 2006 to 31 December 2006

<u>Income</u>	<u>Notes</u>	<u>2006</u> €	<u>2005</u> €
Environmental Levy on the Landfill of Waste	1	30,750,433	27,798,605
Environmental Levy on Plastic Bags	2	19,947,315	17,484,551
Interest on Investments	3	1,436,644	914,525
		<u>52,134,392</u>	<u>46,197,681</u>
 <b><u>Expenditure</u></b>			
North/South Waste Management Programmes	4	602,438	341,858
INTERREG Waste Management Projects	5	196	92,669
Waste Prevention and National Market Development Programmes	6	1,725,866	802,042
Producer Responsibility Initiatives	7	408,304	541,137
Environmental Levy Collection Costs	8	237,248	480,825
Waste Prevention Operational Costs	9	59,074	6,530
Waste Management including Recycling Projects	10	2,242,334	7,272,502
Recycling Operational Costs	11	10,000,200	7,000,020
Local Authority Enforcement Initiatives	12	7,774,502	8,848,972
Environment Awareness	13	3,649,342	4,085,359
Pollution Control Air/Climate	14	239,595	137,389
International Conventions/Bodies/Organisations	15	2,497,984	2,436,226
Litter Initiatives	16	1,371,716	1,044,339
REACH		-	14,188
Office of Environmental Enforcement	17	2,185,886	1,800,000
EPA R&D	18	7,000,000	7,000,000
Water Quality	19	78,974	177,927
Comhar - the National Sustainable Development Partnership	20	292,056	102,567
		<u>40,365,715</u>	<u>42,184,550</u>
 Surplus / (Deficit) for the Year		11,768,677	4,013,131
Accumulated Surplus at 1 January		45,671,216	41,658,085
Surplus at 31 December		<u>57,439,893</u>	<u>45,671,216</u>

The Statement of Accounting Policies on Page 2 and Notes 1 to 23 form part of these Accounts.

Signed   
G. Tallon  
Secretary General

Date: 21/12/07



## Environment Fund Balance Sheet as at 31 December 2006.

	<u>Notes</u>	2006 €	2005 €
<b><u>Current Assets</u></b>			
Bank		48,145,081	35,927,556
Refund of bank charges due			138
Refund of VAT due from Revenue Commissioners			102,056
Environmental Levy on the Landfill of Waste due from Local Authorities	21	3,862,663	6,053,760
Environmental Levy on Plastic Bags due from Revenue Commissioners	22	6,435,067	5,292,184
		<u>58,442,811</u>	<u>47,375,694</u>
<b><u>Current Liabilities</u></b>			
Accruals	23	1,002,918	1,704,478
		<u>1,002,918</u>	<u>1,704,478</u>
<b>Net Assets</b>		<u><b>57,439,893</b></u>	<u><b>45,671,216</b></u>
<b>Represented by Surplus on Income and Expenditure Account</b>		<u><b>57,439,893</b></u>	<u><b>45,671,216</b></u>

The Statement of Accounting Policies on Page 2 and Notes 1 to 23 form part of these Accounts.

Signed Geraldine Tallon  
G. Tallon  
Secretary General

Date: 21/12/07

## 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:

	€
Levy on the Landfill of Waste from landfills operated by local authorities	22,377,264
Levy on the Landfill of Waste from privately operated landfills	8,291,619
Levy on the Landfill of Waste from unauthorised landfills	81,550
<b>Total</b>	<b><u>30,750,433</u></b>

€137,176 was retained from levies in respect of privately operated landfill facilities. €16,310 was retained from levies in respect of unauthorised 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. North/South Waste Management Programmes

This figure represents expenditure on the all-island fridge freezer initiative.

### 5. INTERREG Waste Management Projects

This figure represents expenditure on the North/South INTERREG IIIa programme.

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

This figure represents expenditure on the Waste Prevention and Market Development Programmes together with the National Strategy on Biodegradable Waste. This is summarised as follows:

	€
National Waste Prevention Programme	1,644,063
National Market Development Programme	47,064
National Strategy on Biodegradable Waste	34,739
<b>Total</b>	<b><u>1,725,866</u></b>

## Notes to the Accounts (continued)

### 7. **Producer Responsibility Initiatives**

This figure represents expenditure on consultancy services in respect of the implementation of the EU Directives on the Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS), on Waste Electrical and Electronic Equipment (WEEE), and on End of Life Vehicles (ELVs). It also includes a contribution to the National Construction and Demolition Waste Council, and expenditure in relation to farm plastic and packaging waste initiatives. This is summarised as follows:

	€
Farm plastic waste initiative	312,712
Implementation of Directive 2000/53/EC on End of Life Vehicles (ELVs)	61,248
Implementation of Directives 2002/95/EC on the Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS) and 2002/96/EC on Waste Electrical and Electronic Equipment (WEEE)	14,672
National Construction & Demolition Waste Council's Voluntary Industry Initiative	12,166
Packaging waste initiatives	7,506
<b>Total</b>	<b><u>408,304</u></b>

### 8. **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.

### 9. **Waste Prevention Operational Costs**

This figure represents expenditure on translation services and printing. This is summarised as follows:

	€
Printing	51,511
Translation services	7,563
<b>Total</b>	<b><u>59,074</u></b>

### 10. **Waste Management, including Recycling Projects**

This represents payments made to local authorities from the Fund to assist in meeting costs associated with the provision of waste management infrastructure. In addition, funding was also provided towards the costs of planning and procurement in relation to the provision of major local authority waste management infrastructure. This is summarised as follows:

## Notes to the Accounts (continued)

	€
Waste Management - Capital Grants Scheme	1,644,121
Planning & Procurement for major local authority infrastructure projects.	598,213
<b>Total</b>	<b><u>2,242,334</u></b>

### 11. Recycling Operational Costs

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

### 12. Local Authority Enforcement Initiatives

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

### 13. Environment Awareness

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

	€
Waste Awareness Campaign	2,831,040
Core Funding - Environmental (Ecological) NGOs (EENGO)	331,000
LA 21 partnership fund	246,496
Grant Assistance - Green Schools	200,000
Grant assistance - Convergence Festival	26,000
Grant assistance - youth awareness initiatives and conferences	14,806
<b>Total</b>	<b><u>3,649,342</u></b>

### 14. Pollution Control / Air Climate

This figure represents the expenditure contributions by the Department towards the running of European Mobility Week, as well as expenditure on consultancy costs associated with predicted green house gas emissions projection. This is summarised as follows:

	€
Climate Change	120,153
European Mobility Week	119,442
<b>Total</b>	<b><u>239,595</u></b>

## Notes to the Accounts (continued)

### 15. International Conventions/Bodies/Organisations

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

	€
Global Environmental Facility	1,469,000
Vienna Convention/Montreal Protocol for the Protection of the Ozone Layer	510,910
United Nations Environment Fund	317,000
United Nations Convention on Climate Change (UNFCCC)	136,404
Geneva Convention on Long Range Transboundary Air Pollution	27,623
OSPAR Convention on Protection of the Marine Environment of the North-East Atlantic	20,377
Cartagena Protocol on biosafety	9,670
Forum on Contaminated Soil	7,000
<b>Total</b>	<b><u>2,497,984</u></b>

### 16. Litter Initiatives

This figure represents expenditure on a range of anti-litter initiatives including Local Authority Anti-litter Awareness Grants, contributions to National Spring Clean and Irish Business Against Litter National Litter League, expenditure on developing and implementing the National Litter Pollution Monitoring System and on anti-litter awareness advertising. These are summarised as follows:

	€
Local Authority Anti-Litter Awareness Grants	739,056
National Spring Clean	340,264
National Litter Pollution Monitoring System	130,470
Irish Business Against Litter National Litter League	100,000
Anti-Litter Awareness Advertising	61,926
<b>Total</b>	<b><u>1,371,716</u></b>

### 17. Office of Environmental Enforcement

This figure represents the costs incurred by the Environmental Protection Agency in respect of the operations of the Office of Environmental Enforcement.

### 18. EPA R&D

This figure represents the costs incurred by the Environmental Protection Agency in respect of Research and Development.

## Notes to the Accounts (continued)

### 19. Water Quality

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

	€
Protection and improvement of water quality	42,555
Blue Flag Scheme	30,000
Consultancies	4,574
Water Quality Research	1,845
<b>Total</b>	<b><u>78,974</u></b>

### 20. Comhar – the National Sustainable Development Partnership

This expenditure relates to the activities of Comhar - the National Sustainable Development Partnership – the forum for national consultation and dialogue on all issues relating to sustainable development.

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

This figure represents local authorities' net liability to the Fund in respect of the Environmental Levy on the Landfill of Waste at 31 December 2006. It consists of:

	€
Levy on the Landfill of Waste from landfills operated by local authorities	1,962,773
Levy on the Landfill of Waste from privately operated landfills	1,818,340
Levy on the Landfill of Waste from unauthorised landfills	81,550
<b>Total</b>	<b><u>3,862,663</u></b>

### 22. Environmental Levy on plastic bags

This figure represents the net liability of the Revenue Commissioners to the Fund in respect of the Environmental Levy on the supply of plastic bags at 31 December 2006.

## Notes to the Accounts (continued)

### 23. Accruals

Accruals at 31 December 2006 were as follows:

	€
Recoupment to the Revenue Commissioners in respect of operational costs incurred in respect of the Environmental Levy on plastic bags	625,000
Waste management including recycling projects	313,514
Costs associated with the National Sustainable Development Partnership including printing and advertising	37,847
Pollution control and air climate measures	10,798
Forum on Contaminated Soil	7,000
Professional services withholding tax	5,207
Overpayment of levy from landfills operated by local authorities	2,342
Advertising costs associated with promoting litter awareness	1,210
<b>Total</b>	<b><u>1,002,918</u></b>

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

I have audited the financial statements of the Environment Fund for the year ended 31 December 2006 under Section 74(6) of the Waste Management Act 1996 (as amended).

The financial statements, which have been prepared in accordance with the Act, comprise the Accounting Policies, the Income and Expenditure Account, Balance Sheet and the related notes.

### **Respective Responsibilities of the Department of Environment, Heritage and Local Government and the Comptroller and Auditor General**

The Department is responsible for preparing the financial statements and for ensuring the regularity of transactions.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report my opinion as to whether the financial statements are properly presented in accordance with the Act. I also report whether in my opinion proper books of account have been kept. In addition, I state whether the financial statements are in agreement with the books of account.

I report any material instance where moneys have not been applied for the purposes intended or where the transactions do not conform to the authorities governing them.

I also report if I have not obtained all the information and explanations necessary for the purposes of my audit.

### **Basis of Audit Opinion**

In the exercise of my function as Comptroller and Auditor General, I conducted my audit of the financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and by reference to the special considerations that attach to State bodies in relation to their management and operation. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures and regularity of the financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgments made in the preparation of the



financial statements, and of whether the accounting policies are appropriate to the Fund's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations that I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In my opinion, the financial statements properly present, in accordance with the Act, the balance of the Fund at 31 December 2006 and of the transactions for the year then ended.

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



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John Purcell  
Comptroller and Auditor General  
31 December 2007