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ENVIRONMENT FUND

Accounts 2004 and Comptroller and Auditor General Report

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 2004, 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 Year ended 31 December 2004

<u>Income</u>	<u>Notes</u>	<u>2004</u> €	<u>2003</u> €
Environmental Levy on the Landfill of Waste	1	26,765,514	29,359,585
Environmental Levy on Plastic Bags	2	15,278,107	12,883,408
Interest		891,815	71,383
		<u>42,935,436</u>	<u>42,314,376</u>
 <u>Expenditure</u>			
North/South Waste Management Programmes	3	83,917	945
INTERREG Waste Management Projects	4	250,800	-
National Market Development and Waste Prevention Programmes	5	283,463	-
Producer Responsibility Initiatives	6	61,674	234,327
Environmental Levy Collection Costs	7	374,601	346,405
Waste Prevention Operational Costs	8	123,868	96,362
Waste Management including Recycling Projects	9	22,007,645	5,625,391
Recycling Operational Costs	10	7,000,200	5,000,005
Local Authority Enforcement Initiatives	11	4,051,313	741,201
Waste Infrastructure Consultancy Costs		-	85,825
Environment Awareness	12	2,619,155	2,465,400
Pollution Control Air/Climate	13	332,205	171,828
International Conventions/Bodies/Organisations	14	2,318,268	2,373,030
Litter Initiatives	15	1,206,690	1,043,482
Office of Environmental Enforcement	16	861,000	266,509
EPA R&D	17	7,250,000	-
Water Quality	18	193,932	151,052
Comhar - the National Sustainable Development Partnership	19	167,623	168,847
		<u>49,186,354</u>	<u>18,770,609</u>
Surplus / Deficit for the Year		(6,250,918)	23,543,767
Accumulated Surplus at 1 January		47,909,003	24,365,236
Surplus at 31 December		<u>41,658,085</u>	<u>47,909,003</u>

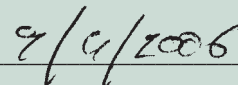
The Statement of Accounting Policies on Page 2 and Notes 1 to 22 form part of these Accounts.

Signed



N. Callan
Secretary General

Date:



Environment Fund Balance Sheet as at 31 December 2004.

	<u>Notes</u>	2004 €	2003 €
<u>Current Assets</u>			
Bank		30,733,746	39,767,051
International Conventions/Bodies/Organisations Advance Payment		-	10,647
Environmental Levy on the Landfill of Waste due from Local Authorities	20	6,303,498	5,150,525
Environmental Levy on Plastic Bags due from Revenue Commissioners	21	5,333,915	3,554,299
		<u>42,371,159</u>	<u>48,482,522</u>
<u>Current Liabilities</u>			
Accruals	22	713,074	573,519
		<u>713,074</u>	<u>573,519</u>
Net Assets		<u>41,658,085</u>	<u>47,909,003</u>
Represented by Surplus on Income and Expenditure Account		<u>41,658,085</u>	<u>47,909,003</u>

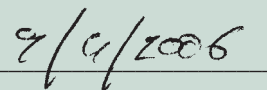
The Statement of Accounting Policies on Page 2 and Notes 1 to 22 form part of these Accounts.

Signed



N. Callan
Secretary General

Date:



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	23,186,736
Levy on the Landfill of Waste from privately operated landfills	<u>3,578,778</u>
Total	<u>26,765,514</u>

€93,757 was retained from levies in respect of 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. North/South Waste Management Programmes

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

4. INTERREG

This figure represents expenditure on the North/South INTERREG IIIa programme. This is summarised as follows:

	€
Ireland's contribution to INTERREG waste management projects	250,000
INTERREG operational costs	<u>800</u>
Total	<u>250,800</u>

5. National Market Development and Waste Prevention Programmes

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

	€
National Waste Prevention Programme	282,766
Market Development Programme for recyclates	<u>697</u>
Total	<u>283,463</u>

6. Producer Responsibility Initiatives

This figure represents expenditure on consultancy services in respect of a contribution to the National Construction & Demolition Waste Council in respect of design and printing costs associated with the launch of their voluntary industry initiative, contributions to local authorities who participated in the Repak Green Christmas Campaign, expenditure incurred in respect of conferences and seminars on packaging waste, the implementation

Notes to the Accounts (continued)

of the EU Directive on End of Life Vehicles (ELV) and expenses incurred by a plastic bottle recycling project. This is summarised as follows:

	€
National Construction & Demolition Waste Council's Voluntary Industry Initiative	40,126
Repak Green Christmas Campaign	9,258
Conferences and Seminars on Packaging Waste	7,259
Consultancy advice on the implementation of Directive 2000/53/EC on End of Life Vehicles (ELVs)	4,816
Plastic Bottle Recycling Project	215
Total	<u>61,674</u>

7. 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.

8. Waste Prevention Operational Costs

This figure represents expenditure on the cost of consultancy studies on biodegradable waste and the application of economic instruments, printing the WEEE Taskforce Report and advertisements. This is summarised as follows:

	€
Consultancy Study to prepare a draft National Strategy on Biodegradable Waste	101,713
Consultancy Study on the Application of Economic Instruments (including Environmental Levies) on Specified Products/Materials	17,575
Printing of WEEE Taskforce Report	2,886
Advertisements	1,694
Total	<u>123,868</u>

9. Waste Management, including Recycling Projects

This represents payments made to local authorities 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.

	€
Waste Management - Capital Grants Scheme	19,739,719
Planning & Procurement for major local authority infrastructure projects.	2,267,926
Total	<u>22,007,645</u>

Notes to the Accounts (continued)

10. 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.

11. Local Authority Enforcement Initiatives

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

12. Environment Awareness

This figure represents expenditure on the waste awareness campaign, grant assistance provided for various environment awareness initiatives including Local Agenda 21 Partnership Fund, NGO Developmental funding and miscellaneous project based funding for a range of activities from website development to schemes under the Rapid programme. This is summarised as follows:

	€
Waste Awareness Campaign	1,860,212
Grant assistance	745,336
Printing and publishing costs associated with the waste awareness campaign	12,703
Seminars Waste Awareness North/South INTERREG area	904
Total	<u>2,619,155</u>

13. Pollution Control Air / Climate

This figure represents expenditure on climate change matters including contributions by the Department towards the cost of setting up the Emissions Trading Unit within the EPA and costs associated with conferences, contributions towards the running of Car Free Day, as well as expenditure on grant assistance to help develop an accreditation scheme under the Volatile Organic Compounds Regulations. This is summarised as follows:

	€
Climate Change	271,653
Car Free Day	50,552
Grant to assist with the costs of developing an Accreditation Scheme for Accredited Inspection Controllers inspecting installations under the Volatile Organic Compounds Regulations	10,000
Total	<u>332,205</u>

Notes to the Accounts (continued)

14. 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	1,408,500
Vienna Convention/Montreal Protocol for the Protection of the Ozone Layer	475,006
United Nations Environment Fund	317,000
United Nations Convention on Climate Change (UNFCCC)	64,302
Geneva Convention on Long Range Transboundary Air Pollution	23,986
OSPAR Convention on Protection of the Marine Environment of the North-East Atlantic	18,827
Basel Convention on the Control of Transboundary Movements of Hazardous Wastes	10,647
Total	<u>2,318,268</u>

15. Litter Initiatives

This figure represents expenditure on a range of anti-litter initiatives including Local Authority Anti-litter Awareness Grants, contributions to the 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	719,914
National Spring Clean	280,000
National Litter Pollution Monitoring System	118,640
Irish Business Against Litter National Litter League	75,000
Anti-Litter Awareness Advertising	13,136
Total	<u>1,206,690</u>

16. 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.

17. EPA R&D

This figure represents the costs incurred by the Environmental Protection Agency in respect of Research and Development, which was previously funded from the Environment, Heritage and Local Government Vote.

Notes to the Accounts (continued)

18. Water Quality

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

	€
Blue Flag Scheme	127,710
North/South Water Management Projects	21,284
Nitrates Action Programme	20,997
Water Quality Research	19,941
Support for NGO's	4,000
Total	<u>193,932</u>

19. 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.

20. 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 2004. It consists of:

	€
Levy from landfills operated by local authorities	4,712,671
Levy from privately operated landfills	1,590,827
Total	<u>6,303,498</u>

21. 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 2004.

22. Accruals

Accruals at 31 December 2004 were as follows:

	€
Waste management including recycling projects	396,477
Recoupment to the Revenue Commissioners in respect of operational cost incurred in respect of the Environmental Levy on plastic bags	284,391
Amount Due in respect of Ireland's contribution to the OSPAR Convention on Protection of the Marine Environment of the North-East Atlantic	18,827
Waste Awareness Grant Assistance	9,216
Overpayment of levy from landfills operated by local authorities	2,855
Race Against Waste Promotion	1,308
Total	<u>713,074</u>

Environment Fund

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

I have audited the financial statements on pages 1 to 11 under Section 74(6) of the Waste Management Act 1996 (as amended).

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

The Department of the Environment, Heritage and Local Government is responsible under Section 74 of the Waste Management Act 1996 (as amended) for the preparation of the financial statements of the Environment Fund. It is my responsibility to audit the financial statements presented to me by the Department and to report on them. As a result of my audit I form an independent opinion on the financial statements.

Basis of Audit Opinion

In the exercise of my function as Comptroller and Auditor General, I conducted my audit in accordance with auditing standards issued by the Auditing Practices Board and by reference to the special considerations which 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 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 circumstances of the Fund, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations that I considered necessary 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, proper books of account and records have been kept by the Department of the Environment, Heritage and Local Government and the financial statements, which are in agreement with them, give a true and fair view of the balance of the Fund at 31 December 2004 and of its transactions for the year then ended.



John Purcell
Comptroller and Auditor General
15 November, 2006