

**COMPREHENSIVE SPENDING REVIEW  
2011**

**Department of Communications, Energy  
and Natural Resources**

## Key Points

- The Department is proposing a €15.309m reduction on the **Exchequer-funded component** of its 2011 base by 2014. This exceeds the Government's targeted reduction of €11m over the same period by over €4m.
- The Department's savings proposals are front-loaded with the **Exchequer-funded component** of the base being reduced by over €10m in 2012. The Government's targeted reduction for 2012 is €4m, €6m below what the Department is proposing.
- The additional savings proposed by the Department and their front-loading, mean that cumulative Exchequer savings of over €38m will be achieved by the end of 2014. This is almost double the cumulative €21m savings that would arise over the period under the Government's expenditure ceiling targets.
- The Department will make cumulative payroll savings of €1.745m by 2014 through reducing staff numbers.
- The Department will make cumulative non pay administration savings of €0.844m by 2014. Actions already taken to contribute to ensuring these savings are achieved are the movement of payroll to a shared service with the Department of Finance, and the movement of ICT to a shared service with the Department of Agriculture, Fisheries and Food.
- Agencies under the aegis of the Department will make cumulative Exchequer pay and administration savings of nearly €3.5m by 2014.

All the savings options proposed by the Department of Communications, Energy and Natural Resources fall within the categories proposed by the Secretary General of the Department of Public Expenditure and Reform in his letter of 13 May 2011 as follows:

### Rationalisation of Grant and Subsidy Schemes

Restore DHDA to its 2010 level of funding	0.800
Provide €1m per annum for the Benefit Scheme and other possible digital inclusion measures	0.600
Rationalise the multiplicity of energy schemes	1.050
Reduce subscriptions to international organisations by 10%	0.046

### Merger of Agencies

Merge the DHDA with EI/IDA with a view to eliminating the Exchequer subvention	1.500
Merge the Ordnance Survey of Ireland of Ireland with the Property Registration Office under the aegis of the Department of Justice and Equality. There are clear complementarities between the organisations and it is a model that has worked elsewhere	0.600
Merge Inland Fisheries Ireland with the National Parks and Wildlife Service of the Department of Arts, Heritage and the Gaeltacht to realise efficiencies and synergies	0.500

In the case of these merger options, the projected savings are conservatively stated and back-loaded to 2014.

### **Introducing Reasonable Co-Payment Mechanisms**

Increase the annual broadcasting licence fee by €5, and allocate the entire additional receipts to reduce the Exchequer funding of TG4	6.900
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This increase amounts to less than 10 cent per week.

### **Measures within the Remit of the Croke Park Agreement**

Reduce the Sustainable Energy Authority of Ireland's non-pay administrative budget by 5% in 2012, and 2% in each of the two subsequent years 2013 and 2014	0.273
Secure efficiencies/increased revenue from the Geological Survey of Ireland	0.200
Achieve payroll savings in Inland Fisheries Ireland over the period 2012 to 2014 under the Employment Control Framework to be agreed with the Department of Public Expenditure and Reform	1.100
Reduce Inland Fisheries Ireland's non-pay administrative budget by 2% in each of the three years 2012 to 2014	0.500
Achieve payroll savings in the Department over the period 2012 to 2014 under the Employment Control Framework to be agreed with the Department of Public Expenditure and Reform	0.820
Reduce the Department's non-pay administrative budget by 2% in each of the three years 2012 to 2014	0.420

These measures will be underpinned by staff reductions and increased efficiencies e.g. the Department has already moved payroll to a shared service with the Department of Finance, and ICT to a shared service with the Department of Agriculture, Fisheries and Food. The agencies under its aegis are pursuing similar initiatives.

## Introduction

The Department of Communications, Energy and Natural Resources has responsibility for the telecommunications, broadcasting and energy sectors, and to regulate, protect and develop the natural resources of Ireland. The main areas of overall expenditure are summarised in the table below:

<b>Programme:</b>	<b>2007 Outturn</b>	<b>2008 Outturn</b>	<b>2009 Outturn</b>	<b>2010 Prov. Outturn</b>	<b>2011 FREVE Estimate</b>
	<b>€ million</b>	<b>€ million</b>	<b>€ million</b>	<b>€ million</b>	<b>€ million</b>
A: Communications	46.580	58.644	49.650	60.918	42.313
B: Broadcasting	258.410	268.043	269.270	256.514	250.266
Broadcasting Licence Fees	217.466	224.174	228.587	222.376	222.130
C: Energy	63.700	71.766	84.113	119.149	136.249
D: Natural Resources	16.088	25.784	20.604	23.911	24.468
E: Inland Fisheries	44.132	47.784	36.940	29.497	29.391
F: Administration (Corporate Management Programme)	18.518	15.832	11.783	10.226	12.029
<b>Other</b>					
Miscellaneous	-	-	-	-	-
Marine Safety	-	-	-	-	-
Sea Fisheries	73.081	-	-	-	-
<b>TOTAL GROSS EXPENDITURE</b>	<b>520.509</b>	<b>487.853</b>	<b>473.232</b>	<b>500.215</b>	<b>494.716</b>
<i>Included Total Gross Expenditure:-</i>					
Exchequer Pay	70.401	55.573	47.147	39.003 <sup>1</sup>	42.093
Of which is					
Exchequer Pensions*				1.894	2.826

\* If paid from the Vote

## NOTES

- Capital carryover amounts included in the above figures
- Marine Safety transferred to D/Transport on 1 January 2006
- Sea Fisheries transferred to D/Agriculture & Food on 20 October 2007
- No breakdown of Exchequer Pensions prior to 2010

<sup>1</sup> The 2010 Outturn is lower than the 2011 Estimate for two reasons: (1) The pension contributions received from bodies under the aegis of the Department are netted off the gross Exchequer 2010 pay figure but not the 2011 pay figure and (2) In a number of cases (SEAI, IFI and the Loughs Agency) the 2010 Outturn was lower than the 2010 Estimate due to delays in redeploying in and/or recruiting approved staffing numbers. These were provided for in the 2011 Estimate which is fully consistent with Department of Public Expenditure and Reform pay ceilings.

This review focuses on current expenditure. The main areas of current expenditure and changes in public service numbers are summarised in the table below:

<b>Programme:</b>	<b>2007 Outturn</b>	<b>2008 Outturn</b>	<b>2009 Outturn</b>	<b>2010 Prov. Outturn</b>	<b>2011 FREV Estimate</b>
	<b>€ million</b>	<b>€ million</b>	<b>€ million</b>	<b>€ million</b>	<b>€ million</b>
A: Communications	5.571	6.775	5.816	4.751	8.227
B: Broadcasting	253.173	265.612	268.370	254.713	247.964
Broadcasting Licence Fees	217.466	224.174	228.587	222.376	222.130
C: Energy	16.352	14.441	22.421	23.566	26.096
D: Natural Resources	8.685	13.426	12.360	15.381	15.882
E: Inland Fisheries	40.193	45.658	35.159	28.040	28.084
F: Administration (Corporate Management Programme)	15.490	13.691	11.145	9.701	10.463
<b>Other</b>					
Miscellaneous	-	-	-	-	-
Marine Safety	-	-	-	-	-
Sea Fisheries	42.701	-	-	-	-
<b>TOTAL GROSS EXPENDITURE</b>	<b>382.165</b>	<b>359.603</b>	<b>356.143</b>	<b>336.152</b>	<b>336.716</b>
<i>Included Total Gross Expenditure:-</i>					
Exchequer Pay	70.401	55.573	47.147	39.003 <sup>2</sup>	42.093
Of which is					
Exchequer Pensions*				1.894	2.826
Public service numbers included in Exchequer Pay (Whole Time Equivalents):	1,378	1,301	1,092	1,580	1,582
- Civil Servants	364	298	271	261	257
- Other Public Servants	1,014	1,003	821	1,319	1,325

#### **NOTES**

- Marine Safety transferred to D/Transport on 1 January 2006
- Sea Fisheries transferred to D/Agriculture & Food on 20 October 2007
- No breakdown of Exchequer Pensions prior to 2010
- Public service numbers are as reported in published versions of the REV. From 2010 these numbers include all public servants under this Departments Employment Control Framework. Prior to 2010 the numbers include only bodies in receipt of exchequer pay grants

<sup>2</sup> The 2010 Outturn is lower than the 2011 Estimate for two reasons: (1) The pension contributions received from bodies under the aegis of the Department are netted off the gross Exchequer 2010 pay figure but not the 2011 pay figure and (2) In a number of cases (SEAI, IFI and the Loughs Agency) the 2010 Outturn was lower than the 2010 Estimate due to delays in redeploying in and/or recruiting approved staffing numbers. These were provided for in the 2011 Estimate which is fully consistent with Department of Public Expenditure and Reform pay ceilings.

The Department accounts for **€336.716m (or 0.6%)** of gross current expenditure in 2011, broken down into the following key programme areas:

€m	Overall	of which Pay
Communications	4.989	0.609
Broadcasting	247.135	-
Energy	22.667	5.847
Natural Resources	10.613	-
Inland Fisheries	27.310	19.348
Administration	23.501	16.289
Other Services	0.501	-
<b>TOTAL</b>	<b>336.716</b>	<b>42.093</b>

***It should be noted that €222.130m of the gross current total relates to the Vote neutral broadcasting licence fee receipts i.e. money that passes through the Vote as a receipt with corresponding expenditure.*** When this is netted off the gross current provision, the Department's 2011 current budget is **€114.586m (or 0.2% of gross current expenditure)**.

The following table shows the indicative expenditure ceilings for the Department, consistent with the expenditure consolidation objectives to which the Government is committed.

€m	2011	2012	2013	2014
Expenditure Ceilings	336	332	330	325

This amounts to a reduction of at least €11m off the 2011 base by 2014.

A table showing savings amounting to €15.309m off the 2011 ***Exchequer-funded component*** of the base is presented below. The detail underpinning these proposals is presented in the subsequent sections.

<b>Savings Proposals</b>	<b>€m</b>
Restore DHDA to its 2010 level of funding	0.800
Merge the DHDA with EI/IDA with a view to eliminating the Exchequer subvention	1.500
Provide €1m per annum for the Benefit Scheme and other possible digital inclusion measures	0.600
Increase the annual broadcasting licence fee by €5, and allocate the entire additional receipts to reduce the Exchequer funding of TG4	6.900
Reduce the Sustainable Energy Authority of Ireland's non-pay administrative budget by 5% in 2012, and 2% in each of the two subsequent years 2013 and 2014	0.273
Rationalise the multiplicity of energy schemes	1.050
Merge the Ordnance Survey of Ireland of Ireland with the Property Registration Office under the aegis of the Department of Justice and Equality. There are clear complementarities between the organisations and it is a model that has worked elsewhere	0.600
Secure efficiencies/increased revenue from the Geological Survey of Ireland	0.200
Achieve payroll savings in Inland Fisheries Ireland over the period 2012 to 2014 under the Employment Control Framework to be agreed with the Department of Public Expenditure and Reform	1.100
Reduce Inland Fisheries Ireland's non-pay administrative budget by 2% in each of the three years 2012 to 2014	0.500
Merge Inland Fisheries Ireland with the National Parks and Wildlife Service of the Department of Arts, Heritage and the Gaeltacht to realise efficiencies and synergies	0.500
Achieve payroll savings in the Department over the period 2012 to 2014 under the Employment Control Framework to be agreed with the Department of Public Expenditure and Reform	0.820
Reduce the Department's non-pay administrative budget by 2% in each of the three years 2012 to 2014	0.420
Reduce subscriptions to international organisations by 10%	0.046
<b>Total</b>	<b>15.309</b>

The following table sets out the timing of the achievement of the proposed savings and their cumulative value over the period 2012 to 2014.

<b>Savings Proposals (€m)</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Total</b>
Restore DHDA to 2010 funding	0.800	0.800	0.800	2.400
Merge DHDA with EI/IDA	-	-	1.500	1.500
Reduce Benefit 3 funding	0.600	0.600	0.600	1.800
Increase Licence Fee by €5	6.900	6.900	6.900	20.700
Reduce SEAI Non Pay Administration	0.156	0.215	0.273	0.644
Rationalise Energy Schemes	1.050	1.050	1.050	3.150
Merge OSi with PRA	-	-	0.600	0.600
Increase efficiencies/revenues in GSI	0.050	0.150	0.200	0.400
IFI Payroll Savings	0.150	0.550	1.100	1.800
Reduce IFI Non Pay Administration	0.171	0.338	0.500	1.009
Merge IFI and NPWS	-	-	0.500	0.500
Departmental Payroll Savings	0.340	0.585	0.820	1.745
Reduce Departmental Non Pay Administration	0.142	0.282	0.420	0.844
Reduce International Subscriptions	0.046	0.046	0.046	0.138
<b>Total</b>	<b>10.405</b>	<b>11.516</b>	<b>15.309</b>	<b>38.230</b>
<b>Incremental Reduction<sup>3</sup> to 2011 Base</b>	10.405	1.111	3.793	
<b>Base<sup>4</sup> with Savings Proposals Applied</b>	326.311	325.200	321.407	
<b>D/PER Expenditure Ceilings</b>	332.000	330.000	325.000	
<b>Excess<sup>5</sup> Savings Over Target Ceilings</b>	5.689	4.800	3.593	

### Early Wins

- The Department is proposing a €15.309m reduction on the **Exchequer-funded component** of its 2011 base by 2014. This exceeds the Government's targeted reduction of €11m over the same period by over €4m.
- The Department's savings proposals are front-loaded with the **Exchequer-funded component** of the base being reduced by over €10m in 2012. The Government's targeted reduction for 2012 is €4m, €6m below what the Department is proposing.
- The additional savings proposed by the Department and their front-loading, mean that cumulative Exchequer savings of over €38m will be achieved by the end of 2014. This is almost double the cumulative €21m savings that would arise over the period under the Government's expenditure ceiling targets.
- The Department will make cumulative payroll savings of €1.745m by 2014 through reducing staff numbers.
- The Department will make cumulative non pay administration savings of €0.844m by 2014. Actions already taken to contribute to ensuring these savings are achieved are the movement of payroll to a shared

<sup>3</sup> This is the reduction on the Exchequer-funded component of the base

<sup>4</sup> The revised base is net of the proposed €6.9m licence fee contribution to funding TG4

<sup>5</sup> This excess does not reflect the proposed €6.9m licence fee contribution to funding TG4



service with the Department of Finance, and the movement of ICT to a shared service with the Department of Agriculture, Fisheries and Food.

- Agencies under the aegis of the Department will make cumulative Exchequer pay and administration savings of nearly €3.5m by 2014.

## Communications

The Communications Programme aims to underpin growth, competitiveness and innovation by ensuring that Ireland is to the forefront in availing of the opportunities afforded by the electronic communications and postal sectors. The following table sets out the 2011 components of the Communications Programme.

€m	Overall	of which Pay
Digital Hub Development Agency	2.339	0.609
Knowledge Society - Exemplar	0.450	-
Digital Engagement – Benefit 3 Scheme	1.600	-
Cyber Security	0.250	-
Emergency Call Answering Service	0.250	-
Project Kelvin	0.100	-
<b>Total</b>	<b>4.989</b>	<b>0.609</b>

### **Digital Hub Development Agency**

The objective of the Digital Hub Project is to create an international centre of excellence for knowledge, innovation and creativity focused on digital content and technology enterprises. The core development of nine acres is located in the Liberties area of Dublin. The project aligns with the Programme for Government's commitment to make Ireland a digital island supporting enterprise development and sustainable job creation.

The agency itself has 15 employees. It supports 85 companies with 860 employees which operate from the Hub. It also delivers education initiatives through the Elevate Academy and a Community Learning Project.

The Department has two proposed savings measures in relation to the Digital Hub Development Agency. The first is to restore the Digital Hub to its 2010 level of funding. This will allow it to continue in its enterprise development and job creation roles and will generate immediate savings of €800k per annum. The second proposal is to merge the Digital Hub with either Enterprise Ireland or the Industrial Development Authority given its enterprise role with a view to eliminating the Exchequer subvention for the Hub. The elimination of the Exchequer subvention could be achieved through a combination of reducing administrative overhead by sharing of back office services in the merged agency, reducing staff numbers, the absorption of Digital Hub programme activities within existing Enterprise Ireland/Industrial Development Authority programmes, and reviewing the Digital Hub's activities to increase its own resource income.

### **Knowledge Society – Exemplar Test-bed**

The objective is to increase engagement in the knowledge society. This entails awareness raising and motivation initiatives as well as related e-Inclusion initiatives aimed at increasing the numbers of people who engage with and participate in the knowledge society.

The Knowledge Society Programme assists in the attainment of increased digital engagement which is a crucial enabling measure underpinning a range of objectives set out in the Programme for Government including:

- Improving the overall competitiveness of the economy
- Improving labour market skills
- Ensuring greater use of on-line platforms in education provision
- Facilitating people with disabilities in achieving greater levels of training
- Supporting older people in living in their homes and communities for as long as they wish
- Progressing lifelong learning and community education priorities
- Achieving further progress on eGovernment and in delivering increased efficiencies in public service delivery

The short-term result of the programme is increased digital engagement. This has been shown to improve educational attainment, employability, and job and salary prospects. It decreases social exclusion. Better access to information also improves other opportunities. It is easier, quicker and often cheaper to conduct transactions (including with government) on-line. Access to the wider marketplace gives access to greater value and cost savings. Being digitally included can also lead to better health outcomes. Some of these positive outcomes are elaborated on further in the Benefit Report, a copy of which is available to the Department of Public Expenditure and Reform if required.

In the longer term, digital engagement will:

- Grow the market for hardware, software and communications services
- Help to reduce costs in providing public services by enabling more service use on-line rather than via traditional channels
- Generate transactional savings for business leading to improved competitiveness

Expenditure on the Knowledge Society Programme continues to be justified. The Digital Agenda for Europe sets out specific targets for all member states to achieve. These include:

- To halve (to 15%) the proportion of the adult population who have never used the internet by 2015
- To increase regular internet use from 60% to 75% by 2015 and from 41% to 60% for disadvantaged people.

In Ireland, approximately 33% of the adult population remain digitally excluded.

### ***Exemplar and Other Initiatives***

The Department works with other key stakeholders in developing and implementing specific initiatives. €0.250m of the allocation is set aside for the Exemplar Test-bed. It is likely that the €0.450m allocation will be required for the Exemplar Test-bed in 2012, and for the funding of emerging initiatives from 2013 onwards.

### **Digital Engagement – Benefit 3 Scheme**

The objective of the scheme is to increase digital engagement nationally. This scheme provides basic training in internet use directly to 30,000 people who currently do not use the internet. The result is increased levels of digital engagement nationally thus enabling the achievement of a range of other policy and strategic objectives set by Government.

Activity in this area continues to be relevant in that approximately one third of the adult population remains digitally excluded. It will take some years of ongoing efforts to bridge the digital inclusion gap. In addition, Ireland needs to meet EU targets which require a reduction in the proportion of the adult population who have never used the internet to 15% by 2015.

The Department proposes providing €1m per annum for the Benefit 3 Scheme and other possible digital inclusion measures.

### **Cyber Security**

The objective is to enhance cyber security response and capability. The outputs are structured exercises, awareness campaigns and cyber security initiatives. There is an ongoing requirement for funding in this area.

### **Emergency Call Answering Service**

A **once-off** Vote neutral allocation aimed at enhancing service provision to assist persons with disabilities to communicate with the emergency call answering service using mobile text messaging.

### **Project Kelvin**

The allocation is required to fund the ongoing monitoring of the Project Kelvin Network until 2018.

### **Proposed Savings Measures**

- Restore DHDA to its 2011 level of funding. **Saving €0.8m**
- Merge the DHDA with EI/IDA with a view to eliminating the Exchequer subvention. **Saving €1.5m**
- Provide €1.000m per annum for the Benefit Scheme and other possible digital inclusion measures. **Saving €0.600m**

The quantum and timing of the proposed savings is summarised in the table below.

€m	2012	2013	2014	Total
Restore DHDA to 2010 funding	0.800	0.800	0.800	2.400
Merge DHDA with EI/IDA	-	-	1.500	1.500
Reduce Benefit 3 funding	0.600	0.600	0.600	1.800

## Broadcasting

The Broadcasting Programme aims to promote a vibrant broadcasting sector, which provides engaging, entertaining and informative content for Irish audiences.

€m	Overall	of which Pay
Grant-in-Aid to RTE	185.724	-
Payment to An Post	12.475	-
Grant-in-Aid to TG4	32.750	-
Broadcasting Fund	14.704	-
Digital Terrestrial Television	1.500	-
<b>Total</b>	<b>247.135</b>	-

€222.130m of the broadcasting allocation is provided from the Vote neutral broadcasting licence fee receipts rather than directly from the Exchequer. It represents 66% of gross current expenditure by the Department and is the main area where relatively significant savings can be achieved. The licence fee receipts are used to fund RTE, the collection fee due to An Post, and the Broadcasting Fund. Broadcasting licence fee receipts also contribute €9.245m to the funding of TG4 in 2011.

### ***Grant-in-Aid to RTE***

RTE is statutorily obliged to use broadcasting licence fee receipts to meet its public service objectives.

### ***Payment to An Post***

Section 123 of the Broadcasting Act, 2009, provides that expenses incurred in the collection of broadcasting licence fees be met from the broadcasting licence fee receipts.

### ***Grant-in-Aid to TG4***

TG4 is a public service broadcasting corporation. It was established by statute in 1996 to deliver a full range of high quality Irish language programming on a national free to air basis. Section 118 of the Broadcasting Act 2009 sets out the public service objectives of TG4. €24.305m of its annual funding comes directly from the Exchequer, with the balance of €9.245m being provided from licence fee receipts.

TG4 broadcasts 24 hours per day and in 2009 increased its total new/original Irish language content output to 4.58 hours per day (from 4.4 hours per day in 2008). TG4 aims to bring this up to 6 hours per day by 2013.

The average number of fulltime employees in TG4 in 2010 was 81. It is estimated that TG4 sustains over 283 full-time jobs directly in the production sector. In addition, it has a wider impact on the national economy, contributing €60.3m to national income and indirectly supporting approximately 1,036 jobs in 2010.

### ***Broadcasting Fund***

The Broadcasting Fund was established to support the Broadcasting Fund Scheme, which grants funds to support programmes of a particular cultural, informative and/or educational nature. It supports employment in the independent production sector.

### ***Digital Terrestrial Television***

The allocation is to fund an intensive national public information campaign and helpline to inform the public about analogue switch-off and their options for going digital.

### **Proposed Savings Measures**

- Increase the annual broadcasting licence fee by €5, and allocate the entire additional receipts to reduce the Exchequer funding of TG4.  
**Saving €6.9m**

The quantum and timing of the proposed saving (if implemented from 2012) is summarised in the table below.

<b>€m</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Total</b>
Increase Licence Fee by €5	6.900	6.900	6.900	20.700

### ***Additional Note***

The licence fee model is under review by the Department at present and proposals for future years may emanate from that review. Changes in technology and what constitutes a television may have implications for the current model. In addition, the level of evasion of the current licence fee (indicatively 12% to 15%) remains a concern. It is not envisaged that any new measures will be available for implementation in 2012.

The Department is opposed to a further reduction in the grant to RTE. The latter is facing a very serious financial situation due to the collapse in its commercial income. In response RTE has taken resolute action on its cost base and is in the process of preparing a further programme of cost-cutting. This will help to reduce its deficit but the company is not in a position to sustain a further cut.

The Minister does, however, recognise the potential to further reduce the Exchequer grant to TG4 – hence the proposed €5 increase in the licence fee.

## Energy

The objectives of the Energy Programme are:

- To ensure a fully sustainable, secure and competitive energy market underpinned by diverse energy sources, energy efficiency and robust infrastructure.
- To address climate change by meeting our obligations in the reduction of energy related greenhouse gas emissions.

The bulk of spending under this heading is on capital (see separate Capital Review). The table below sets out the current expenditure component of the capital schemes<sup>6</sup>.

€m	Overall	of which Pay
Sustainable Energy Authority of Ireland	8.968	5.847
Building Energy Rating	0.235	-
Better Energy	8.464	-
Reheat Deployment	0.050	-
Combined Heat and Power Deployment	0.100	-
Electric Vehicles	0.350	-
EU Legal Obligations	0.200	-
Renewable Energy Information Office	0.550	-
Sustainable Energy Zones	0.250	-
Renewable Energy RD&D	0.500	-
Microgeneration/Photovoltaics	0.300	-
Ocean Energy Programme	1.100	-
EPSSU	1.000	-
Smartmetering	0.450	-
Renewable Energy in Transport	0.150	-
<b>Total</b>	<b>22.667</b>	<b>5.847</b>

### ***Sustainable Energy Authority of Ireland***

The allocation covers the pay and administration costs of staff employed in the Sustainable Energy Authority of Ireland which delivers energy efficiency and research programmes, as well as advice on energy policy. The Programme for Government proposes under the NewERA plan, additional investment in “next generation” infrastructures in energy and specifically, the acceleration of the development of Ireland’s forestry and bio energies.

Under the Sustainable Energy Act 2002, the Sustainable Energy Authority of Ireland has a specific remit in relation to assisting in the delivery and promotion of environmentally and economically sustainable production, supply and use of energy. Particular expertise in the energy field is required.

<sup>6</sup> Please note that Building Energy Rating, EU Legal Obligations, Renewable Energy Information Office, Sustainable Energy Zones, Energy Policy and Statistical Support Unit, Smartmetering and Renewable Energy in Transport are **current** only programmes.

Furthermore, Ireland has committed to a number of international energy targets by 2020. The role being played by the Sustainable Energy Authority of Ireland is vital to achievement of those targets. The implementation of energy efficiency programmes also provides considerable economic benefit to the economy. The beneficiaries of the programmes realise financial savings long after the State's initial investment.

### ***Building Energy Rating***

The allocation funds the national administration system which currently holds 186,922 domestic and 6,036 non-domestic building energy ratings.

The building energy rating was made a mandatory component of the energy efficiency measures carried out with state support in 2010. Homeowners must undertake a rating after works are completed to demonstrate energy savings estimates. There are currently 2,252 registered domestic energy assessors and a further 449 registered non-domestic assessors.

The building energy rating will continue to quantify the energy saving potential of work carried out, verifying energy savings for the EU target of 20% energy efficiency savings by 2020. The launch of the *Better Energy* programme will continue to support this workstream in the future.

### ***Better Energy***

The allocation provides ***current funding*** for the *Better Energy* programme which aims to contribute to the achievement of the national energy saving target set down in the Energy Policy Framework and the National Energy Efficiency Action Plan.

A full cost benefit analysis (a copy of which is available) in respect of the Home Energy Savings Scheme has been undertaken and previously forwarded to the Department of Public Expenditure and Reform. Specific targets for 2011 include:

Energy savings: 500GWh delivering a net benefit to the economy of €400m

Home retrofitted: 40,000

Low-income homes retrofitted: 20,000

Renewable technologies installed: 2,400

Carbon savings: 130 ktCO<sub>2</sub>

Each of the beneficiaries will benefit in terms of reduced energy costs. The extent to which each benefits is dictated by the level of their investment. Measures supported under *Better Energy* have proven employment impacts. The Sustainable Energy Authority of Ireland estimates that Exchequer expenditure in this area will support 5,800 direct and indirect jobs in 2011.

The long-term impacts of *Better Energy* are considerable. Every home, business or public sector body that benefits from state support will realise ongoing energy savings that greatly exceed the cost of installation. On a national level *Better Energy* is considered essential if Ireland is to bridge the 25% energy savings gap to target in 2020. *Better Energy* is scalable and can deliver increased employment activity in a sector that has suffered the worst



from the economic downturn. As a result, investment in energy efficiency is considered to be closely aligned with national and international goals aimed at evolving the construction sector into a green-tech sector. This is imperative if Ireland is to meet its climate change and energy efficiency targets.

There are a number of reasons why the Exchequer should continue to support *Better Energy*. Firstly, Ireland has committed to a number of climate change and energy efficiency targets, which will not be met in a cost-effective manner unless *Better Energy* continues to be funded, at least to 2013. Secondly, *Better Energy* is providing a considerable economic benefit to the economy. For every €1 spent by the Exchequer, a further €2 are spent by the private sector in the area of the economy that is worst affected by the economic downturn. Thirdly, beneficiaries of the programme realise financial savings long after the Exchequer's initial investment. Recent research suggests that such savings are typically spent in the local economy on services. Thus a net export (energy costs) becomes investment in the local economy.

#### ***Reheat Deployment***

The allocation provides current funding for the Reheat Deployment Programme which aims to increase the deployment of renewable energy heating technologies in the commercial, industrial and community sectors. Financial assistance was provided for biomass boilers, solar thermal collectors and heat pumps. ***This programme is now closed.***

#### ***Combined Heat and Power Deployment***

The allocation provides current funding for the Combined Heat and Power Deployment Programme which aims to support the deployment of combined heat and power projects in public and commercial buildings in Ireland and to undertake studies in this area. ***This programme is now closed.***

#### ***Electric Vehicles***

The 2009 Renewable Energy Directive sets a binding target for every member state to achieve 10% of the energy in its transport sector from renewable sources by 2020. To assist in this regard, a target was set of 10% of all vehicles to be powered by electricity by 2020. It is estimated that the replacement of 10% of cars, vans and buses in Ireland with currently available models of hybrid and battery electric vehicles could reduce national CO<sub>2</sub> emissions by 0.35 million tonnes annually.

The allocation provides current funding for the Electric Vehicle Programme which aims to incentivise and support the early deployment of electric and other low emission vehicles (mainly plug-in hybrid electric vehicles) in Ireland in order to provide an early critical mass of such vehicles and infrastructure. This early critical mass is vital to encourage the growth of a stable and robust market for these vehicles with the aid of early and contractually defined relationships with the major players in the vehicle supply chain. The programme aims at reduced energy consumption, greenhouse gas emissions, and trans-boundary air pollution (NO<sub>x</sub> and SO<sub>2</sub>).

Grants of up to €5,000 per vehicle will be provided to retailers of electric and low emission vehicles (< 75g CO<sub>2</sub> per km) who, in turn, will pass it in its entirety as a discount to the consumer.

Although the programme is not mentioned in the Programme for Government, Ireland is bound by the Renewable Energy Directive to meet an ambitious target of 10% of Renewable Energy in Transport (RES-T) by 2020. Electric vehicles are singled out in the National Renewable Energy Action Plan as an important component of the proposed Irish solution

The programme operates as a pump priming mechanism. It moderates the initial higher purchase price of electric vehicles with a view to sustaining Ireland's early mover advantage in this rapidly developing sector.

The short-term result of the programme will be easier access to electric vehicles and plug-in hybrid electric vehicles, with very low or no emissions.

In the longer-term the programme will result in more electric vehicles in transport fleet, assist Ireland in meeting its Renewable Energy in Transport (RES-T) targets under the 2009 Renewable Energy Directive, decrease dependence on imported fossil fuels, and bring about greater energy efficiency in transport. Ireland has taken a leadership position in this rapidly developing sector, which provides a series of commercial opportunities around research and development, intellectual property and the manufacturing of infrastructure and control systems. The programme will support sustainable employment in infrastructural development, software and related telematics. There is currently ongoing investment in charging infrastructure through ESB Networks.

Electric vehicles are one of the few means of increasing Ireland's penetration of renewable energy technologies. In addition, due to their efficiency benefits electric vehicles also have profound effects on overall energy use and on emissions from transport. The current programme is a component part of a cohesive strategy to place Ireland at the forefront of developments in the area.

### ***EU Legal Obligations***

This allocation funds the EU Legal Obligations Programme which is designed to ensure Ireland is compliant with relevant EU obligations [i.e. EU Energy Labelling Directives (Directive 92/75/EEC to be replaced by 2010/30 EC); EU Ecodesign of Energy Using Products Directive (Directive 2009/125/EC as transposed by 203 of 2011); Article 7.2 of the Energy Services Directive (2006/32/EC) which requires Member States to ensure that greater efforts are made to promote energy end-use efficiency; and Articles 14 and 20 of Directive 2010/31 on the Energy Performance of Buildings Directive]. It funds an inspection regime, product testing and information campaigns.

### ***Renewable Energy Information Office***

The allocation funds the cost of the Renewable Energy Information Office with the objective of providing high quality, independent information and advice on

low carbon technologies and market actors through responses to individual enquiries, training workshops and symposia, exhibitions, web-based services, newsletters and other publications.

The Renewable Energy Information Office promotes a better understanding of renewable energy technologies, encourages technology which displaces fossil fuels and creates indigenous employment.

This programme is outsourced by the Sustainable Energy Authority of Ireland at an annual cost of €0.550m per annum.

### ***Sustainable Energy Zones***

The Sustainable Energy Community Programme is part-funded by the EU Framework 6 Programme under the Concerto initiative, and is aimed at delivering a number of different energy efficiency and renewable energy installations in defined areas, both as technological test beds and as a means of demonstrating and evaluating the potential benefits of this technology. The Sustainable Energy Authority of Ireland is a project coordinator for a consortium participating in this Concerto initiative and receives part funding (currently up to June 2012 with a likely extension to 2013) towards the administrative costs of this programme. The Sustainable Energy Authority of Ireland is contractually obliged as Concerto co-ordinators to continue this work. Currently, only one such zone is in operation i.e. Dundalk in County Louth.

The demonstration programme acts as a test-bed for technologies, techniques, policies and measures that will lead to a more sustainable energy future. Various renewable technologies and a range of technologies for the rational use of energy, and for managing supply and demand, are demonstrated. It also aligns with the Programme for Government which seeks to promote additional investment in "next generation" infrastructures in energy and specifically, the acceleration of the development of Ireland's forestry and bio energies.

The programme acts as an umbrella for all the Sustainable Energy Authority of Ireland programmes and targets them to the relevant sectors thereby assisting the competitiveness of local businesses and the efficiency of public sector organisations through the identification of cost saving opportunities. It also identifies local renewable energy investment opportunities. The first sustainable energy community in Dundalk has achieved actual savings for the community in excess of €1.5m per annum and CO<sub>2</sub> savings of 7,000 tons per annum.

The longer term objective is to develop a small number of best practice sustainable energy communities to act as exemplars for other communities to follow. This objective is closely aligned with the EU Smart Cities and Smart Communities Programme and has the potential to direct larger EU funding sources to the communities involved.

### ***Renewable Energy Research, Development and Deployment***

The allocation provides current funding for the Renewable Energy Research, Development and Deployment Programme which aims to redress a number of market failures in the deployment of renewable energy technologies. The objective is to accelerate the uptake of renewable energy solutions and new renewable energy technologies. Activity under the programme includes R&D support, market demonstration and barrier studies, as well as policy and technical support on issues relating to wind energy, the electricity system and national and international collaboration.

€1.8m has been distributed to R&D projects in strategic priority areas such as renewable energy, the smart grid and energy service companies.

This programme plays a key role in dealing with one of the primary market failures in renewable energy which is a lack of a knowledge base and information asymmetry. Through the deployment of early commercial stage technologies the programme promulgates the use of renewable energy across the electricity, heat and transport sectors. This results in greater energy security and reduces greenhouse gas emissions. In doing so, it also displaces fossil fuels and replaces them with biomass and other renewable energy products, which have significant employment benefits for Ireland.

### ***Microgeneration/Photovoltaics***

The allocation provides current funding for the Microgeneration/Photovoltaics Programme which aims to assist those who wish to produce electricity for their own homes, farms and businesses, and facilitate them in selling surplus electricity to the grid. ***This programme is now complete.***

### ***Ocean Energy Programme***

The allocation provides current funding for the Ocean Energy Programme which aims to maximise the economic benefit to Ireland from the progressive utilisation of Ireland's marine energy resource. The ocean energy strategy aims to capitalise on Ireland's natural advantages in the area of marine renewable energy. It consists of a structured and phased strategy of development supports, with the objective of connecting 500MW of ocean energy to the grid and of seeing Ireland positioned to be among the leaders in the manufacture and use of the products and services that will be associated with the growing utilisation of marine energy in Europe and elsewhere.

The rationale for government expenditure in this area is that by enhancing and developing R&D infrastructure, and providing targeted support for companies in this sector, Ireland can attract the emerging technology companies and multi-national companies developing new business competence capabilities in marine energy, and build an industry cluster in the field of marine energy.

The programme aligns with the Programme for Government in providing a basis for industry investment, job creation and exports of electricity and goods and services. It has particular potential to support regional development, notably on the western seaboard. It also provides a significant economic

opportunity for the island of Ireland and for collaborative North-South actions. There are complementarities in the resource potential in the two jurisdictions, and in engineering and other industry capabilities.

The programme will provide critical economic infrastructure to support the development of enterprise opportunities, in particular, through the development of world class centre of excellence in ocean energy at the Hydraulics and Maritime Research Centre in University College Cork, the support of SME's through the prototype development fund, and the provision of test and demonstration facilities at Galway Bay and Bellmullet, County Mayo.

By the end of 2011 the programme will have achieved the:

- Completion of consenting for the Atlantic Marine Energy Test Site facility in County Mayo
- Enhancement of Galway Bay Test Site
- Completion of the Hydraulics and Maritime Research Centre enhancement programme
- Continued support for ocean energy companies through the Prototype Development Fund
- Completion of the required Strategic Environmental Assessment

The programme will provide a number short-term results:

- Provision of research facilities at the Hydraulics and Maritime Research Centre and consequent increased support for industry and enhanced participation in, and financial benefit from, EU Framework projects
- Provision of the strategic environmental information upon which the national Offshore Renewable Energy Development Plan is based
- Bathymetric and other environmental and modelled data to support the planning and deployment of ocean energy prototypes and demonstration projects
- Grid modelling for the areas in which industry has indicated that wave projects will first be deployed
- Information about the supply chain in the areas of shipping, ports and engineering upon which industry and the various departments of State can base appropriate actions

The programme generates employment in the immediate delivery stage by supporting ocean energy companies, the Hydraulics and Maritime Research Centre and supply chain companies (vessels, surveys and materials). It is estimated that the employment of over 150 people is currently supported through the programme.

The longer-term outcomes of the programme are:

- Connection of ocean energy to the grid in Ireland by 2020
- Development of marine energy in Ireland
- Maximising the enterprise opportunity of ocean energy

- Enhancing Ireland's competitive position in respect to attracting inward foreign direct investment

The justification for continued expenditure on this programme is the historic transformation taking place in the European energy sector. Large volumes of renewable electricity are required to realise the targets of European countries for carbon-free electricity generation. Ireland has a natural advantage in the opportunity for renewable electricity, having the best wind and wave resource in Europe. The value that Ireland achieves through the exploitation of this resource will directly depend on the implementation of this programme and its various constituent elements.

### ***Energy Policy and Statistical Support Unit***

The allocation funds the cost of the Energy Policy and Statistical Support Unit. The unit collects, processes and publishes energy statistics to support policy analysis and development in line with national needs and international obligations. It also conducts statistical and economic analyses of energy services sectors and sustainable energy options, as well as contributing to the development and promulgation of appropriate sustainability indicators.

### ***Smartmetering***

The objective of the Smartmetering Programme is to lead the behavioural dimension of the national smart metering trial. ***This programme is now complete.***

### ***Renewable Energy in Transport***

The objective of the Renewable Energy in Transport Programme is to increase understanding of the most efficient ways of using renewable energy technologies in transport. The programme funds reports, field trials and demonstration programmes, including the Aran Island Scheme. ***This programme is now complete.***

### **Proposed Savings Measures**

- Reduce the Sustainable Energy Authority of Ireland's non-pay administrative budget by 5% in 2012, and 2% in each of the two subsequent years 2013 and 2014. **Saving €0.273m**
- Rationalise the multiplicity of energy schemes
  - Eliminate the funding for Combined Heat and Power and the Reheat Deployment which are closed. **Saving €0.150m**
  - Eliminate the funding for Microgeneration/Photovoltaic, Smartmetering and Renewable Energy in Transport which are complete. **Saving €0.900m**

The quantum and timing of the proposed savings is summarised in the table below.

<b>€m</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Total</b>
Reduce SEAI Non Pay Administration	0.156	0.059	0.058	0.273
Eliminate CHP and Reheat Funding	0.150	0.150	0.150	0.450
Eliminate Microgen, Smartmetering and RE in Transport	0.900	0.900	0.900	2.700

## Natural Resources

The Natural Resources Programme's objective is to manage our inland fishery, mineral, hydrocarbon and other geological resources in a sustainable and productive manner.

€m	Overall	of which Pay
Petroleum Services	1.367	-
Mining Services	2.240	-
Geological Survey of Ireland Services	0.540	-
Ordnance Survey of Ireland	6.466	-
<b>Total</b>	<b>10.613</b>	-

### ***Petroleum Services***

€1.166m of this allocation represents receipts from the oil and gas industry for the Expanded Offshore Support Group Research Fund. It is ***Vote neutral***. The balance funds strategic environmental assessments of the effects of petroleum exploration on the environment (under the Strategic Environmental Assessment Directive 2001/42/EC), and the North West Mayo Forum which provides an opportunity for dialogue between parties with an interest in the Corrib gas field and for furthering the socioeconomic development of the North West Mayo Region.

### ***Mining Services***

€2m of this allocation represents receipts from mine licensees which fund mining compensation payments by the Minister to private mineral owners. It is ***Vote neutral***. The balance funds mine safety works, the monitoring of mine operations and input into mine closure plans.

### ***Geological Survey of Ireland Services***

This allocation allows for the Geological Survey of Ireland's participation in externally funded projects. It is ***Vote neutral***.

### ***Ordnance Survey of Ireland***

The objective of the grant-in-aid to the Ordnance Survey of Ireland is to facilitate the fulfilment of the public interest functions it carries out. €4m of the allocation is for administrative overhead. The balance of €2.466m is to cover unfunded pension liabilities. The Department proposes that the Ordnance Survey of Ireland be merged with the Property Registration Office and the Valuation Office. It should be possible to achieve savings of at least €0.600m by 2014 through reducing administrative overhead by sharing of back office services in the merged agency and reducing staff numbers

### **Proposed Savings Measures**

- Merge the Ordnance Survey of Ireland of Ireland with the Property Registration Office and place the new organisation under the aegis of the Department of Justice and Equality. There are clear complementarities between the organisations and it is a model that has worked elsewhere. **Saving €0.600m**



- Secure efficiencies/increased revenue from the Geological Survey of Ireland. **Saving €0.200m**

The quantum and timing of the proposed savings is summarised in the table below.

€m	2012	2013	2014	Total
Merge OSi with PRA	-	-	0.600	0.600
Increase efficiencies/revenues in GSI	0.050	0.100	0.050	0.200

## **Inland Fisheries**

The Inland Fisheries programme aims to conserve the inland fisheries resource through effective corporate governance of the agencies operating under the aegis of the Department, and to facilitate exploitation of the resource on an equitable and sustainable basis.

<b>€m</b>	<b>Overall</b>	<b>of which Pay</b>
Inland Fisheries Ireland	26.547	17.904
Loughs Agency	2.189	1.444
<b>Total</b>	<b>28.736</b>	<b>19.348</b>

### ***Inland Fisheries Ireland***

The objective is to conserve the inland fisheries resource and facilitate its exploitation on an equitable and sustainable basis. The Department proposes that Inland Fisheries Ireland be merged with the National Parks and Wildlife Service of the Department of Arts, Heritage and the Gaeltacht to realise efficiencies and synergies. It should be possible to achieve savings of at least €0.500m by 2014 through reducing administrative overhead by the sharing of back office services in the merged agency, the use of a common inspectorate and protection unit and the reduction of staff numbers

### ***Loughs Agency***

The objective is to provide sustainable social, economic and environmental benefits to the communities of Lough Foyle and Carlingford Lough through the conservation, protection, management, research, promotion and development of the fisheries and marine resources of the Foyle and Carlingford areas. Funding is agreed in a North South context.

### **Proposed Savings Measures**

- Achieve payroll savings in Inland Fisheries Ireland over the period 2012 to 2014 under the Employment Control Framework to be agreed with the Department of Public Expenditure and Reform. **Saving €1.1m**
- Reduce Inland Fisheries Ireland's non-pay administrative budget by 2% in each of the three years 2012 to 2014. **Saving €0.500m**
- Merge Inland Fisheries Ireland with the National Parks and Wildlife Service of the Department of Arts, Heritage and the Gaeltacht to realise efficiencies and synergies. **Savings €0.500**

The quantum and timing of the proposed savings is summarised in the table below.

<b>€m</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Total</b>
IFI Payroll Savings	0.150	0.400	0.550	1.100
Reduce IFI Non-Pay Administration	0.171	0.167	0.162	0.500
Merge IFI and NPWS	-	-	0.500	0.500

## Administration

The aim of the Administration Programme is to achieve ongoing efficiencies through facilitating a value for money based approach to resource management; and to position the Department as a knowledge-based and results-oriented organisation, operating to the highest public service values, productivity and standards of service delivery.

€m	Overall	of which Pay
Departmental Administration	23.501	16.289

The allocation covers the pay and administration costs of the Department.

The following table sets out the staffing complement of the Department from end 2007 to mid 2010. 40% of the staff complement in 2010 is support staff:

Year	2007	2008	2009	2010
Staff	339	298	270	269

The administrative budget allocation for the Department for the years 2007 to 2010 is as follows:

	Estimate	Estimate	Estimate	Estimate	Estimate
Year	2007	2008	2009	2010	2011
Pay	21,677	17,389	18,552	16,295	16,295
Non-pay	14,833	12,961	9,588	8,944	7,968
Capital	3,487	3,430	2,001	1,599	1,101
<b>Total</b>	<b>39,997</b>	<b>33,780</b>	<b>30,141</b>	<b>26,838</b>	<b>25,364</b>

As the above data testifies the Department is currently administering an enhanced expenditure programme with significantly less resources. In essence, the Department has continued to deliver a very challenging work programme across policy initiatives, legislation and schemes despite a 21% drop in staff numbers – and a 31% reduction in the A1 budget - since the end of 2007.

In addition, the Corporate Support areas have embarked on a continuing value for money and cost reduction strategy across both non devolved and devolved budget lines in the Administrative Budget. Through detailed analysis, cost review, renegotiation, competitive tendering, use of framework and technology dividends annual savings of over €1m have been already achieved. These savings encompass services such as telecoms (land line and mobile), security, catering, use of taxis/couriers, publications and staff training. Travel and Subsistence costs have also been reduced.

### **Proposed Savings Measures**

- Achieve payroll savings in the Department over the period 2012 to 2014 under the Employment Control Framework to be agreed with the Department of Public Expenditure and Reform. **Saving €0.820m**
- Reduce the Department's non-pay administrative budget by 2% in each of the three years 2012 to 2014. **Saving €0.420m**

The quantum and timing of the proposed savings is summarised in the table below.

<b>€m</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Total</b>
Departmental Payroll Savings	0.340	0.245	0.235	0.820
Reduce Departmental Non-Pay Administration	0.142	0.140	0.138	0.420

### **Other**

The other allocations cover subscriptions to international organisations and the Department's contribution to the funding of the Gas Technical Standards Committee.

<b>€m</b>	<b>Overall</b>	<b>of which Pay</b>
Subscriptions to International Organisations	<b>0.467</b>	-
Gas Services	<b>0.032</b>	-

### **Proposed Savings Measures**

- Reduce subscriptions to international organisations by 10% **Saving 0.046m**

The quantum and timing of the proposed saving is summarised in the table below.

<b>€m</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Total</b>
Reduce International Subscriptions	0.046	0.046	0.046	0.138