

**FOI Officer,
Department of Communications, Marine & natural Resources,
Leeson Lane,
Dublin 2.**


22nd July, 2009

Dear Sir/Madam,

In accordance with the Freedom of Information Act I wish to request the following information which I believe to be in your records:

- 1 - All correspondence between your department and An Bord Snip Nua since the special group was announced
- 2- All internal correspondence within your department regarding the An Bord Snip Nua proposals since the special group was announced

I enclose cheque for 15 euro. I look forward to receiving your response.


Fiachra Ó' Cionnaith
Irish Examiner
City Quarter,
Lapps Quay,
Cork City,
087-4137575
fiachra.ocionnaith@examiner.ie



Department of Communications, Energy and Natural Resources
Roinn Cumarsáide, Fuinnimh agus Acmhainní Nádurtha

30/07/2009

Mr Fiachra O'Cionnaith
Irish Examiner
City Quarter
Lapps Quay
Cork City

FOI Request Reference: FOI/2009/28

Dear Mr O'Cionnaith,,

I refer to your FOI request under Section 7 of the Freedom of Information Acts, 1997 and 2003, received in this office on 28/07/2009 requesting details regarding correspondence between DCENR and An Bord Snip Nua since the special group was announced. The application was received along with the associated fee.

The officer handling your request will be Mr Brian Carroll, Corporate Finance & Planning Division, Department of Communications, Energy and Natural Resources, Elm House, Earlsvale Road, Cavan. Brian can be contacted on 01 6782118

You can expect to receive your decision by the 26/08/2009.

If you have not received a decision by that time, you are automatically entitled to appeal to the Department for a review of the matter. This review proceeds on the legal basis that the initial request is considered to be refused once the specified time for responding to it has expired. A request for a review should be addressed to the undersigned at the address shown.

Please note the Department of Communications, Energy and Natural Resources has a policy of posting a summary of non-personal requests and decisions on the Departments website for reference purposes.

Yours sincerely,

Carmel Cosgrove
Carmel Cosgrove

FOI Unit
Department of Communications, Energy and Natural Resources
Elm House,
Earlsvale Rd
Cavan

Phone: 01 6782902



Department of Communications, Energy and Natural Resources
Roinn Cumarsáide, Fuinnimh agus Acmhainní Nádurtha

14 September 2009

Mr. Fiachra Ó'Cionnaith,
Irish Examiner,
City Quarter,
Lapps Quay,
Cork City.

FOI Request Reference: FOI/2009/28

Dear Mr. Ó'Cionnaith,

I refer to your request under the Freedom of Information Acts, 1997 and 2003, received in the Department on 28th July, concerning the Special Group on Public Service Numbers and Expenditure Programmes.

I have made a final decision in relation to Part 1 of your request to part grant your request and all relevant documents are in the attached schedule. If you have any queries regarding this correspondence you can contact me by telephone at the number below. (I will write to you in relation to Part 2 of your request later this week).

I wish to advise you that, if for any reason you are not satisfied with the outcome of your request, you are entitled to seek a review by appealing the decision. To appeal, you need to write to the FOI Unit, Department of Communications, Energy and Natural Resources, Elm House, Earlsvale Rd, Cavan, Co. Cavan. You must make your appeal within 4 weeks of the date of this letter, but the making of a late appeal may be permitted in certain circumstances. The review will involve a complete reconsideration of the matter by a more senior member of the staff of this Department.

Please note that an application fee for an appeal is currently €75.00 and a reduced fee of €25.00 applies if you are covered by a Medical Card.

If claiming a reduced application fee, the request must also be accompanied by

- The Medical Card registration number
- The name of the issuing Health Board
- Your consent to the verification of these details with that Health Board.

Payment should be made by way of bank draft, money postal order, or personal cheque made payable to "Department of Communications, Energy and Natural Resources".

On receipt of the fee, you will be advised of when you can expect a decision on your appeal, and the contact details of the person handling the appeal.

Yours sincerely,

Pat Smyth

P.P.

Brian T Carroll
Finance Unit.

Central Divisions - Corporate Finance & Planning Division,
Department of Communications, Energy and Natural Resources,
Elm House,
Earlsvale Road,
Cavan,
Co Cavan.

Phone: 01 - 6782118
Mobile: 086 - 7970390

Schedule of Records: Summary of Decision Making (Part 1)

Record No.	Brief Description & Date of Record	File Ref.	No. of Pages	Relevant facts	Findings/ conclusions (Public Interest Considerations, (If applicable))	Grant/refuse/ part-grant	Basis of Refusal: Section of Act	Record edited/Identify deletions
Part 1 of request								
1	E-mail dated 17 Dec 2008 with letter and template from Mr J Palmer, Secretary to the Special Group to Mr A Dunning, Secretary General, D/CENR	FIN 1/1/2009e	8			Grant		
2	E-mail dated 3 April 2009 to the Secretary to the Special Group with the material for the Special Group as follows:- <ul style="list-style-type: none"> - Letter to the Chairperson of the Special Group from the Secretary General, D/CENR, - Background summary note D/CENR structure and expenditure trends, - Leading indicators for expenditure by D/CENR, - Options for the Special Group and 	FIN 1/1/2009e	1			Grant		
			3			Grant		
			6			Grant		
			5			Grant		
			4			Grant		

	- Summary Vote Group Evaluation Paper – CENR		53				Part-grant	Section 27 -- Commercially Sensitive Information	A figure has been blacked out on page 9
3	E-mail dated 15 June 2009 with copy of signed letter dated 15 June 2009 from Minister Ryan to the Chairperson of the Special Group	FIN 1/1/2009c	10				Grant		



Pat Smyth

From: Brian Carroll .T- Corporate Finance
Sent: 17 December 2008 11:14
To: Pat Smyth
Cc: John Donohoe; Fergus N Casey
Subject: FW: Special Group on Public Service Numbers and Expenditure Programmes - Evaluation Paper Template
Attachments: Draft Template for Vote Group Evaluation Papers 081211 revRD.doc; Sec Gen DCENR from John Palmer 10 Dec 2008.doc

FYI and for filing.

Regards
Brian

From: Kennedy, Fiachra [mailto:Fiachra.Kennedy@finance.gov.ie]
Sent: 17 December 2008 10:26
To: Brian Carroll .T- Corporate Finance
Cc: Palmer, John
Subject: FW: Special Group on Public Service Numbers and Expenditure Programmes - Evaluation Paper Template

Brian

As discussed.

Fiachra

Fiachra Kennedy
Central Section - Efficiency and Reform Unit
Sectoral Policy Division
Rm 2.7
Department of Finance
Government Buildings
Dublin 2
IRELAND

Phone (01) 6318073
Ext 4073
Fiachra.Kennedy@finance.gov.ie

From: Palmer, John
Sent: 11 December 2008 17:22
To: aidan.dunning@dcmnr.ie
Subject: Special Group on Public Service Numbers and Expenditure Programmes - Evaluation Paper Template

Secretary General,

I will arrange for the attached letter for to be delivered by hand tomorrow.

Regards

John Palmer
Secretary to the Special Group on Public Service
Numbers and Expenditure Programmes
01 631 8072

<<Draft Template for Vote Group Evaluation Papers 081211 revRD.doc>> <<Sec Gen DCENR from John Palmer 10 Dec 2008.doc>>

Attention:

This e-mail is privileged and confidential. If you are not the intended recipient please delete the message and notify the sender. Any views or opinions presented are solely those of the author. This email was scanned by Sophos and has been certified virus free with the pattern file currently in use. This however cannot guarantee that it does not contain malicious content.

Tabhair aire:

Tá an r-phost seo faoi phribhléid agus faoi rún. Mura tusa an duine a bhí beartaithe leis an teachtaireacht seo a fháil, scrios é le do thoil agus cuir an seoltóir ar an eolas. Is leis an údar amháin aon dearcaí nó tuairimí a léirítear.

Scanadh an r-phost seo le Sophos agus deimhníodh go raibh sé saor ó víoras leis an bpatrúnchomhad atá in úsáid faoi láthair. Ní féidir a ráthú leis seo áfach nach bhfuil ábhar mailíseach ann.

Our ref: S212/17/08

Mr. Aidan Dunning
Secretary General
Department of Communications, Energy & Natural Resources
29-31 Adelaide Road
Dublin 2.

December 2008

Dear Secretary General,

I am writing to you in relation to Mr. Donal McNally's letter of 5 December 2008 on the Special Group on Public Service Numbers and Expenditure Programmes (the Group). In particular, I refer to the evaluation paper that your Vote Group has been asked to prepare and return on or before Friday, 27 March 2009.

The attached template has been developed to guide the preparation of your evaluation paper. The purpose of the template is to ensure that the Members of the Group are provided with a comprehensive but succinct overview of each Vote Group's expenditure. The template is on a programme basis in line with the Annual Output Statement (A.O.S.) approach but you should use your discretion to evaluate each of your key specific expenditure areas, particularly where the A.O.S. Programme is at too broad a level for this purpose. While the focus of the Group is on current expenditure, it will also examine capital expenditure. In relation to each programme, you are asked to:

- Provide factual information on expenditure levels and staff numbers (both Civil Service and Public Service);
- Outline the key outputs delivered and planned under the programme;
- Explain how the key elements of the programme are delivered (in particular, please provide the name and explain the role of any agency or other body involved in the implementation of the programme);
- Assess how the programme expenditure and outputs meet the intended policy objectives of the programme;

- List the key drivers behind the increase in expenditure and staff numbers (Civil and Public Service) since 2002 and to suggest how these drivers may be contained;
- Outline the likely consequences if the programme were discontinued;
- Outline the opportunities and obstacles for rationalising staff numbers; and
- List recommendations and options for securing savings/efficiencies in both expenditure and staff resources.

Your evaluation paper, which should be sent to the Department of Finance for my attention, will be supplied to the Members of the Group in preparation for your meeting with them. It is important that the deadline is observed as the Members of the Group may seek further information or points of clarification that will need to be supplied in advance of the meeting on 8 April. The Members will also receive the results of evaluation work carried out separately in the Department of Finance.

As you are aware from Mr. McNally's letter, your Vote Group will be meeting with the Group on Wednesday, 8 April 2009. The meeting will run from 9.30am to 1.00pm in the Department of Finance, South Block, Government Buildings, Upr. Merrion Street, Dublin 2. The Group will consider how to structure the meeting with your Vote Group after it has received your evaluation paper and I will pass this information on to you in the week before the meeting. I will then seek information on the size of your delegation for the meeting and their names. With regard to the make-up of your delegation, I would draw your attention to the second bullet point in Mr. McNally's letter.

Please contact me if you have any queries about the content of this letter or require further information (tel. (01) 631 8072, e-mail john.palmer@finance.gov.ie).

Yours sincerely

John Palmer
Secretary to the Special Group on Public Service
Numbers and Expenditure Programmes

Summary Vote Group Evaluation Paper – [INSERT NAME] Vote Group

1. Main Areas of Spending

[Ideally, these should correspond with the Programmes listed in the Annual Output Statements.]

	2005 € million	2006 € million	2007 € million	2008 outturn* € million	2009 Estimate* € million
Programme:					
A: Name – Key objective					
B: Name – Key objective					
C: Name – Key objective					
D: Name – Key objective					
E: Name – Key objective					
F: Name – Key objective					
[Other]					
TOTAL GROSS EXPENDITURE					
Included Total Gross Expenditure:-					
Exchequer Pay					
Exchequer Pensions*					
Public service numbers included in Exchequer Pay (Whole Time Equivalents):	2005 WTE	2006 WTE	2007 WTE	2008 WTE	2009 WTE
- Civil Servants					
- Other Public Servants					

* If paid from the Vote

2. Summary of Savings Options Proposed

	2009	2010	2011	2012
Expenditure €m				
- Current €m				
- Capital €m				
Staff surpluses, WTE				
<u>Specific Proposals (including Agency Rationalisations)</u>				
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
<i>Please add further rows if required</i>				

3. Individual Programme details for each programme

Programme A (as at 1 above): [Programme Name]

- High Level Goal advanced by this Programme
- Impact indicator (target used to measure the contribution of this Programme to achieving the High Level Goal)

Programme Rationale and Prioritisation:

Inputs

	2007 € million	2008 Outturn € million	2009 Estimate € million
Programme Expenditure:			
- Current			
- Capital			
Administration and Other Support			
- Pay			
- Non-Pay			
TOTAL GROSS PROGRAMME EXPENDITURE			
Public service numbers for Programme (Whole Time Equivalents):	2007 WTE	2008 WTE	2009 WTE
- Civil Servants			
- Other Public Servants			

Headline Outputs [there should be no more than 3 headline outputs]

2007 Output Achieved	2008 Output Achieved	2009 Output Target

Delivery Mechanism

A brief outline of how the Programme is delivered. Ensure the outline includes any Agencies involved in the process.

Assessment of how this expenditure programme is meeting the policy objectives it is intended to. This assessment should take into account the resources being deployed to achieve the outcomes.

List the key drivers of the increase in expenditure / numbers since 2002, paying particular attention to 2007 to 2009 and, if appropriate, key demographic pressures arising in future years. How can these drivers be contained?

Outline the likely consequences if this Programme were discontinued entirely?

Opportunities and obstacles for rationalising the staffing resources for this Programme (incl. any work practice, mobility issues)

List of Recommendations and Options for (1) scaling back or discontinuing this Programme and (2) securing savings / efficiencies on this Programme, including savings / surplus staff arising:

Recommendation A: _____

Option B: _____

Option C: _____

4. For each Agency (except where covered under 3 above*):

Agency Name

Agency functions, rationale and prioritisation :

Inputs

	2007 € million	2008 Outturn € million	2009 Estimate € million
Programme Expenditure:			
- Current			
- Capital			
Administration and Other Support			
- Pay			
- Non-Pay			
TOTAL GROSS PROGRAMME EXPENDITURE			
Public service numbers for Programme (Whole Time Equivalents):	2007 WTE	2008 WTE	2009 WTE
- Civil Servants			
- Other Public Servants			

Opportunities and obstacles for rationalising the staffing resources in this Agency (incl. any work practice, mobility issues)

List of Recommendations and Options for abolishing / amalgamating this Agency, or assimilating back into parent Department:

Recommendation A: _____

Option B: _____

Option C: _____

* Major agencies that are integral to the delivery of AOS Programmes should ordinarily be incorporated within the information under 3.

Pat Smyth

From: Brian Carroll .T- Corporate Finance
Sent: 03 April 2009 10:16
To: 'john.palmer@finance.gov.ie'
Cc: 'Stephanie.O'Donnell@finance.gov.ie'; 'adrian.finneran@finance.gov.ie'; 'Kearie, Pat'; Eamonn Molloy; Pat Smyth
Subject: Material for Bord Snip Nua
Attachments: Letter to Colm McCarthy.doc; ABS Cover Note Final.doc; Leading Impact Indicators.doc; ABS Options.doc; Templates Final.doc

John

Material for Bord Snip Nua.

Regards
Brian

April 2009

Mr Cólín McCarthy
Chairperson
Special Group on Public Service Numbers and Expenditure
Department of Finance
Upper Merrion Street
Dublin 2

Dear Mr McCarthy,

In the context of this Department's submission to the Special Group, which has been forwarded separately, the Minister asked that the following points in relation to (a) the policy framework within which the Department operates and (b) priority cross-Government policies which impact on the activities of the Department, be brought to your attention as reflecting his position. I should also emphasise that the options put forward by this Department in its submission to the Group have been personally cleared by the Minister.

Policy Framework

The Minister is strongly of the view that the Department of Communications, Energy & Natural Resources (DCENR) has a pivotal role to play in the delivery of the Government's recent policy document "Building Ireland's Smart Economy; A Framework for Sustainable Economic Renewal". He considers that high quality and sustainable energy and telecommunications infrastructure are fundamental to the attainment of the objectives in this paper and more generally sustainable economic growth and social development. Optimally functioning markets in these areas are also key to competitiveness and sustainable growth. The policies and programmes of DCENR are critical in this regard. Against this background it is the view of the Minister that the comparatively small, in money terms, programme and human resources budget of DCENR must be protected and indeed augmented.

The Minister is particularly concerned to ensure that his Department has the human resource capability to implement its wide ranging and complex brief. As set out in the detailed papers submitted to the Group the Department interacts with Commercial State Bodies and Regulators often in relation to complex technical, market and financial issues. This calls for a level of specialist expertise for which the Department must be resourced. In the context of the imperative of Public Service Reform and the need to curb the Public Service paybill, the Minister is anxious that a focus should be on ensuring resources for priority areas that deliver in key areas.

In addition to the above the Department would make the following specific comments which have been agreed with the Minister, for consideration of the Group. It is

accepted that these issues must be considered in the context of wider public service reform and the need to restrain the public service paybill.

Expedite Public Service Staff Transfers

The public service needs to be able to gear-up quickly to meet urgent business pressures in particular areas and, equally, should be able to scale-down to adapt to cessation of programmes and activities. It is important that a system be put in place to transfer civil and public servants from areas of surplus staffing to areas of staffing need quickly.

Prioritise filling of Mission Critical Technical Posts

Maintaining specialist technical services requires a minimum level of experienced engineering and other specialist technical staff. The State's capacity to operate successfully in these areas is heavily dependant on that expertise. The requirement to continue to operate specialist technical services should be prioritised.

Mandate Across-the Board Sharing of Back Office Services

Currently most Departments operate a full-range of back office services and support facilities on an independent basis. This can lead to inefficiencies where Departments are relatively small scale. Departments should be encouraged to share back-office services and support services in accordance with business needs and the ability to re-deploy staff operating in regional centres in the same locations with other Departments. To be meaningful, these arrangements should be planned and organised on a national basis across all Departments.

The state should also seek to consolidate procurement across Departments where possible, thereby leveraging the State's purchasing power and reducing cost.

Lateral Mobility Policies to Enhance Staff Mobility

It is important that managers, especially senior managers in the public service have as broad a range of experience as possible and also that Departments have access to an up-to-date mix of business and technical skills. It can be difficult to equip Departments with those skills in circumstances where the staff based there have a relatively low level of exposure to other public service and private sector operating conditions and circumstances. The public service should be enabled to operate lateral mobility schemes, including with commercial State bodies and the independent regulatory agencies, as well as the private sector for middle and senior management positions across both the technical and general service streams. DCENR intend to do this subject to business exigencies.

Three-year internship programme in the civil and public service for recent graduates

There is a danger that low intake levels combined with low staff mobility within the public service has and will continue to give rise to skill deficits at junior and middle management levels. To offset this, it is important to secure an inflow of highly skilled recent graduates on a revolving contract basis to provide for both a high skills base and a minimum level of employee turnover. A special three year internship programme should be considered for graduate and post-graduate degree holders in key disciplines – engineering, sciences, legal, economics, accountancy and financial services. The programme should seek to emulate the successes of the Fast Stream

model in the United Kingdom, the graduate entry route for senior Civil Service careers.

In addition a stagaire programme should be considered as a means of recruiting technical and specialised graduates onto key projects on a shorter term basis, particularly at a time of rising unemployment amongst college leavers.

Centralise consultancy support for specialised commercial procurements in Departments

Procurement of specialised commercial services such as telecommunications and broadband services requires complex and highly demanding procurement operations. These can be very difficult to organise and run on a professional basis from smaller Departments. Often, the only way in which they can be done is through extensive use of consultancy and this is very expensive and raises its own challenges and risks. Government Departments should have the possibility of calling on dedicated centralised support arrangements for such procurements.

Yours sincerely,

Aidan Dunning
Secretary General

Background Summary Note for the Special group on
Public Sector Numbers and Expenditure

D/CENR Structure and Expenditure Trends

The Department

The Department of Communications Energy and Natural Resources (DCENR) is responsible for public policy advice and implementation in the energy, telecommunications, postal and broadcasting sectors as well as petroleum and minerals exploration and development. The Department also oversees the operation of a number of Commercial and non-Commercial State Bodies operating in the sectors for which it is responsible.

The Department currently has 296 staff out of an authorised number of 307, of which 55 are located in Cavan. Of the total staff complement, 236 are administrative and 60 are technical staff (mainly employed in the Natural Resources area, especially the Geological Survey of Ireland). Since 1 January 2007, the Department's staffing complement has fallen by 170 or 36%. This partly reflects the transfer of some functions in June 2007 but also reflects a reduction in numbers. Over the same period the number of private (IT contractors) employed by the Department has fallen from 42 to 15. As a result the Department's Administrative Budget for 2009 at €30.241m is 27% below the 2007 level.

Policy Background

The Department has policy responsibility for key areas which impact on sustainable economic growth and the Government's objective to develop a smart economy as set out in the pre-Christmas 2008 Government document – Building Ireland's Smart Economy: A Framework for Sustainable Economic Renewal. Energy and Telecommunications are of particular importance in this regard. The 2007 White Paper on Energy sets out a policy framework based around 3 policy priorities of (a) Competitiveness, (b) Security of Supply, and (c) Environmental Sustainability. Telecommunications policy is a key element of the drive to build a smart economy based on optimal telecommunication and broadband infrastructure and the development of a knowledge society. Broadcasting policy is also important in this regard and more generally in the context of promotion of media, cultural and arts sectors. The Department also plays a key regulatory and promotional role in the areas of mining and offshore exploration.

The Department's 2008 outturn and 2009 Gross Expenditure Budget as of 25th March 2009 is as follows:

	2008 Outturn €m	2009 Estimate €m
Administrative Budget		
Department Salaries	18.330	18.522
Other AB Expenditures (1)	13.287	11.689
Other Current		
Pay	37.237	35.444
Non-pay (2)	292.981	300.790
Other Capital	126.005	193.707
Gross Total	487.840	560.182

(1) €2.149m (2008) and €2.001m (2009) of capital included in AB figures.

(2) €224.174m (2008) and €234.778m (2009) is accounted for by TV Licence revenues, which is a direct pass-through the Department's Vote.

The Department's gross budget for 2009 amounts to just 0.8% of gross total Government expenditure for that year.

A list of headline outputs under each of the sectoral areas of the Department is attached as an annex to this note.

Agencies

The bulk of Departmental expenditure is effected by the Agencies who operate under its aegis. A total of 13 agencies operate in this way. The agencies include seven regional fisheries boards and a central fisheries board which are to be amalgamated into one national authority later this year. The remaining bodies include two in the energy sector, Sustainable Energy Ireland (SEI) and the National Oil Reserves Agency (NORA), one in the Communications area, the Digital Hub Development Agency (DHDA) and one in the natural resources area the Ordnance Survey Ireland (OSI) – which has a commercial mandate.

In addition there are 3 Regulators which operate in the Department's areas of responsibility. These are the Commission for Communications Regulation - ComReg (Communications), the

Commission for Energy Regulation - CER (Energy) and the Broadcasting Commission of Ireland - BCI (Broadcasting). The former two agencies are self-financing and the BCI is currently funded by the Exchequer. This will change with the enactment of the Broadcasting Bill which will replace the BCI with the Broadcasting Authority of Ireland (BAI) and this will be funded by the sector rather than the Vote.

The total number of staff employed by these agencies is over 1,000 or over three times the staffing level of the Department. Agency staffing has increased by about 10% since 2005. This reflects the extension of Agency activity over time as additional functions and demands have arisen in the sectors involved. The regulatory agencies, ComReg, CER and BCI each now employ more staff than the Communications, Broadcasting and Energy areas of the Department, reflecting the new importance of the roles of these organisations and new functions (some of them statutory) grafted onto the organisations over time. Further important new functions are likely to be vested in the regulatory bodies this year; for example, both onshore and offshore upstream petroleum safety responsibilities in the case of CER. In the cases of ComReg and CER (and BAI in the future), the ability to resource ongoing operations is assisted by the fact that they are wholly funded by industry although those agencies must secure sanction for additional staff resources.

Other Agencies carry out important executive functions. These include Sustainable Energy Ireland (SEI), which, with a staffing complement of just 59, oversees implementation of a varied and growing number of schemes related to promotion of renewable energy and energy efficiency. They also include the 8 Regional Fisheries Boards (soon to be one authority), which are responsible for administering and conserving the inland fishery natural resource of rivers and lakes.

The Agencies are also a source to DCENR of policy advice and of information that influences policy formation. This work is becoming increasingly significant in light of the specialised technical demands of the work as well as the personnel and other resource constraints being experienced by the Department.

Commercial State Bodies

The Department is responsible, in conjunction with the Department of Finance, for overseeing general policy and the State shareholder interest in a number of Commercial State Bodies - ESB, EirGrid, Bord Gáis Éireann, Bord na Móna, RTE, TG4 and An Post. These Bodies employ in the region of 23,000 and had a total turnover of some €6.7 billion in 2007.

General

The Department accordingly exercises multiple roles as policy formulator, shareholder, regulator, and oversight of regulatory agencies as well as servicing demanding and extensive responsibilities in the EU and international context. The Department is accordingly required to interact with a large range of generally well resourced agencies (commercial) in policy formulation and implementation. The Department also interacts with many other stakeholders in its areas of responsibility.

Changes in Departmental Expenditure 2009 / 2005

Overall spending in the Department was 55% higher in 2009 than it was in those same sectors in 2005.

Sector	2005 Outturn €m	2006 Outturn €m	2007 Outturn €m	2008 Outturn €m	2009 Estimate €m	Change 2005 - 2009 %
Administration	59.943	45.725	40.225	31.617	30.241	- 50%
Communications	23.987	36.356	43.204	55.876	56.973	+ 138%
Broadcasting	223.181	245.667	257.341	267.078	278.186	+ 25%
Energy	17.705	48.761	59.677	67.608	135.275	- 664%
Natural Resources	4.292	7.008	10.554	18.541	18.765	- 337%
Fisheries	27.661	30.386	43.215	46.820	39.871	+ 44%
Miscellaneous	4.929	2.282	1.215	0.300	0.871	- 82%
Functions transferred to other Depts	133.377	98.896	65.078	-	-	-
Total	495.109	515.378	520.509	487.840	560.182	13 %
Total (Excluding Transferred functions)	361.698	416.482	455.431	487.840	560.182	55%

Expenditure on broadcasting increased by almost a quarter over the same period due to increased license fees and higher spending on TG4. Spending on natural resources increased by €15m (+337%) due to special geological initiatives and mine remediation. Spending on inland fisheries increased by €12m (+44%) due to the introduction of the salmon conservation scheme; this scheme is now being wound down and will fall out of the expenditure base in 2010. In both of these areas the increases are magnified by the very low 2005 base. Spending in the communications areas increased by almost €34m (+138%) primarily due to investment in the Metropolitan Areas Networks (MAN's) fibre broadband system and the National Broadband Scheme. Finally, spending on energy programmes by the Department grew from €18m to €135m due to investment in sustainable energy technology in private homes and energy research. By contrast, Administrative Budget expenditure in 2009 will be half what it was in 2005. This reflects transfer of certain functions and more recently a forensic approach to Administrative Budget expenditure.

Changes in Departmental Priorities 2005-2008

Good Energy and Telecommunications infrastructure and markets are critical to the functioning of a modern economy. DCENR would strongly assert that these two sectors are two of the most important policy areas demanding priority at Government level. Resource prioritisation should in turn reflect this. These areas will continue to grow in priority in the context of repositioning the economy with a focus on smart green development as set out in the Government's pre-Christmas 2008 policy paper. This priority has been reflected in a significant increase in expenditure on energy efficiency measures (with significant ramping up now provided for) and in targeted intervention in broadband investment. Apart from these areas, DCENR has also seen increased priority in environmental issues emerging from mine rehabilitation, fisheries conservation and the work of the Geological Survey of Ireland (GSI).

Human Resources

The Department is concerned as to its human resource capability to perform the functions vested in it. A significant amount of the work in the area of Energy and Telecommunications requires technical expertise but the Department has minimal resources in this regard. The Department also performs key regulatory roles in the minerals and exploration areas which again requires the requisite level of technical expertise. The regulatory roles must be properly performed from safety and environmental perspectives. In addition the Department is required to regularly advise on complex transactions/investments which may be proposed by the commercial State bodies. This work also requires specialist financial and evaluative skills. Because of the skills gap within the Department there has over the years been

widespread recourse to the use of consultancies. This option is now greatly restricted thereby underlining the capability issue referred to above. This coupled with the major reduction in headcount in the Department is a matter of concern.

It is the view of DCENR that in the context of Public Sector Reform that attention needs to be urgently given to:

- Work with regulators (whilst respecting their independent mandate) and agencies under the aegis of the Department to avail of consultancy services which would otherwise have to be contracted from the private sector.
- A shift to the provision of extra specialised staff in areas such as natural resources, networks development and corporate finance/economic analysis to insure the department has the full skills base to deliver on its economic development remit

Funding of this shift can be done by identifying surpluses across the Public Service, in most likely general grades in lower priority areas, and by allowing greater flexibility in the movement of staff between the Department and Agencies, regulators and other bodies with the necessary skills..

**Leading Indicators for Expenditure by the
Department of Communications, Energy and Natural Resources**

	2008 Actual	2009 Target/Forecast
<i>Communications</i>		
Broadband Penetration	27.1% or 1.2 million subscribers	32.9% or 1.46 million subscribers
No. of Service Providers using the MANs	Phase I MANs = 32	Phase I MANs = 34
	Phase II MANs = 3	Phase II MANs = 5
No. of Customer drop connections to MANs ¹	Phase I MANs = 625	Phase I MANs = 800
	Phase II MANs = 9	Phase II MANs = 25
No. of schools with 100 Mbit/s connections	Schools completed under the demonstration project = 0	Schools completed under the demonstration project = 75
Target Connectivity for Project Kelvin	—	International connectivity points in Letterkenny and Monaghan, as well as towns in NI (including Derry)
Employment in the Digital Hub	101 companies employing 870. Total turnover of approx. €191m. Exports of approx. €48m.	107 companies employing 1,000
<i>National Broadband Scheme</i>		
Rollout Rate	% of electoral divisions in NBS coverage area served by broadband under NBS = 0	% of electoral divisions in NBS coverage area served by broadband under NBS = 48%
No. of subscribers in NBS Area	—	32,550 by end 2009

¹ MANs reached 600,000 end users at end 2007

	2008 Actual	2009 Target/Forecast
Broadcasting		
RTE Peak Time Market Share	43.7%	43.7% (maintain share)
TG4 Peak Time Market Share	2.7%	2.7% (maintain share)
Licenses issued by BCI	<p>Radio: Community - 8 (3 new) Commercial - 3 (2 FM and 1 cable/mmd) Institutional - 2 Temporary - 31</p> <p>TV: National - 1 (TV3 renewal) Cable/mmd/satellite - 8 (5 new)</p>	<p>Radio: Community - 12 (6 new) Commercial - 1 Institutional - 0 Temporary - > 30</p> <p>TV: National - 0 Cable/mmd/satellite - reactive to the licensing process</p>
Total Licenses under active Regulation	100 (incl. 31 temporary services licensed)	100
No. of grants by Broadcasting Fund	TV - 53 Radio - 186	Dependent on the number and quality of applications received (273 applications expected in 2009)
Energy		
% renewable electricity on National Grid	11%	13 - 15%
MW of wind generation connected to system	1,002 MWs	1,300 MWs
CO2 avoided from use of renewables	2,407 kt CO2	2,836 kt CO2
Home Energy Saving Scheme Grants	€0.7m covering 667 grants	€45m covering 30,000 grants
No. of Building Efficiency Ratings Completed	3,600	70,000
Energy Intensity of the Economy ²	0.0841 kgoe / € ₂₀₀₆	0.0897 kgoe / € ₂₀₀₆
Warmer Home Grants	Grants of €5.6m covering 5,343 homes	Grants of €14m covering 8,850 homes

² Please note that this is not a proxy for energy efficiency

	2008 Actual	2009 Target/Forecast
Other SEI Grants	€38m covering 11,273 grants: <u>House of Tomorrow</u> = 1,400 grants <u>Public & Commercial Sector</u> = 12 grants <u>Greener Homes Scheme</u> = 9,643 grants <u>Reheat</u> = 186 grants <u>CHP</u> = 28 grants <u>Renewable Energy</u> = 4 grants	€37m covering approx 7,707 grants: <u>House of Tomorrow</u> = 250 grants <u>Low Carbon Housing</u> = 70 grants <u>Public & Commercial Sector</u> = 9 grants <u>Industry & Business</u> = 30 – 50 grants <u>Low Carbon Public & Commercial</u> = 3 grants <u>Greener Homes Scheme</u> = 7,000 grants <u>Reheat</u> = 185 grants <u>CHP</u> = 14 grants <u>Public Sector Energy Efficiency</u> = 60 – 80 grants <u>Renewable Energy</u> = 5 grants <u>Ocean Energy</u> = 6 grants <u>Microgeneration</u> = 50 grants <u>RE Transport & Fuel</u> = 3 grants <u>Grid Infrastructure</u> = 2 grants
<i>Natural Resources</i>		
Petroleum Licenses Issued	Exploration Licences = 5 Licensing Options = 2 Petroleum Prospecting Licences = 4	Exploration Licences = 5 Licensing Options = 2 Petroleum Prospecting Licences = 5
Petroleum Licenses under active Regulation	Petroleum Leases = 3 Exploration Licences = 28 Licensing Options = 5 Petroleum Prospecting Licences = 10	Petroleum Leases = 3 Exploration Licences = 34 Licensing Options = 5 Petroleum Prospecting Licences = 11

	2008 Actual	2009 Target/Forecast
Value of Production under License	Total Revenue to DCENR vote generated from petroleum exploration & production = €3.8m Royalties paid to Exchequer in respect of Kinsale Lease = €9.6m	Total Revenue to DCENR vote generated from petroleum exploration & production = €4m Royalties paid to Exchequer in respect of Kinsale Lease = €4.4m
Minerals Licenses Issued	Prospecting Licences issued or renewed = 128 State Mining Leases / Licences issued or renewed = 0	Prospecting Licences issued or renewed = 120 State Mining Leases / Licences issued or renewed = 3
Minerals Licenses under active Regulation	Prospecting Licences held at end-year = 472 State Mining Leases / Licences held at end-year = 22	Prospecting Licences held at end-year = 500 State Mining Leases / Licences held at end-year = 25
Value of Production under License	Revenue generated from Exploration / Mining activity = €6.5m Gross value of Mine Production in Ireland = €360m Exploration activity expenditure in Ireland = €14.47m (in 2007 – 2008 figures not yet available)	Revenue generated from Exploration / Mining activity = €4m Gross value of Mine Production in Ireland = €260m Exploration activity expenditure in Ireland = €8m
Percentage of final maritime area surveyed by INFOMAR	1.1% (1,382 km ²)	0.4% (500 km ²)
Number and percentage of 26 Priority Bays mapped	4 Priority Bays completed, 15% of total (Galway, Tralee, Donegal, Sligo)	2 Priority Bays to be completed 7% of total (Dublin and Shannon)

	2008 Actual	2009 Target/Forecast
GSI Contract Value	€383,000	€585,000
<i>Inland Fish</i>		
Impact of Salmon Conservation measures		
Total Allowable catch for the following year:	81,766	79,110
Number of rivers meeting conservation limits and open for harvest for the following year:	56 (2007) 45 (2008)	45
Number of rivers protected and closed for harvest the following year:	76 (2007) 82 (2008)	82
Fisheries Habitats Inspections	5,965	6,250
Patrol Man Hours	174,689	182,000
Pre-emptive infrastructure inspections	1,425	1,500

Options for Special Group on Public Service Numbers and Expenditure Programmes

Communications

- **Recommendation A:** Defer rollout of MANs in those towns for which Phase II MANs are planned but on which work has not yet started. This would reduce the demand for capital expenditure by €45m over a three-year period. Decide to further defer Phase III MANs pending the reprioritisation of selected towns informed by the recent Value for Money Review and the introduction of a system for 'backhaul' and 'last mile' connections to the networks that will yield an economic return on the investment. This would reduce the demand for capital expenditure by €80m over a three-year period.

- **Option B:** Review the operation of the Digital Hub Development Agency (DHDA) with a view to:
 - eliminating the current Exchequer subvention of about €2m
 - placing the Hub on a sustainable path for the future
 - encouraging further cooperation with Dublin City Council and the OPW in the development of the Hub, in order to achieve greater efficiencies in its property management function and allow it to focus on developing digital enterprise.

- **Option C:** ComReg allocates radio spectrum for which it charges a fee. The Minister is empowered to require ComReg to pay into the Exchequer monies received for such spectrum in any financial year in excess of that required to run the Office. While it is necessary that the State receives a fair return for spectrum it is critical for the creation of a suitable environment for new digital businesses that ComReg also give due recognition to the innovation and enterprise value of spectrum and promote spectrum availability as a vehicle for the development of new digital services and technologies.

Broadcasting

- **Recommendation A:** Amalgamation of Broadcasting Authority of Ireland and Irish Film Classification Office (currently under the aegis of the Department of Justice, Equality and Law Reform), on the basis that content regulation is common to both and significant synergies and efficiencies can be achieved. Further consideration should also be given to what other content regulation could be administered from within the new Authority

- **Option B:** Study the interrelationship of RTE Group, TG4 and other broadcasters within the evolving media market to see what efficiencies and strategic benefits could arise from greater cooperation between broadcasters.
- **Option C:** Funding of Broadcasting Authority of Ireland by levy (planned). This will realise a saving of €6m per annum

Energy

- **Recommendation A:** Establish back office support operations for Sustainable Energy Ireland (SEI) programmes in Dundalk and a new headquarters for the agency in Dublin City centre (ideally with the office complex of EI/SFI/IDA/Forfás) where interagency teams staffed by officials from a variety of departments and other state agencies would work on the delivery of economic opportunities from new energy efficiency and renewables technologies.
- **Option B:** Introduce a system for the allocation of an overhead charge from capital budgets to cover the current costs for key SEI programmes. This should encourage a managerial rather than a bureaucratic culture within these new inter agency delivery teams..
- **Option C:** Continue to review and refine grant levels and technologies permissible under SEI schemes such as 'The Greener Homes Scheme' as they meet their objectives and the economies of scale in the growing energy industries are reached.
- **Option D:** Transfer the supervision and oversight of Coillte (and possibly Coford) to DCENR and investigate what synergies can evolve from the development of that company and Bord na Mona.

Natural Resources

- **Recommendation A:** Merge OSi with the Property Registration Authority (currently under the aegis of the Department of Justice, Equality and Law Reform) and the Valuation Office (currently under the aegis of the Department of Finance) to realise synergies between the agencies by pooling expertise and sharing back-office services. A detailed analysis - involving this Department, the Department of Justice, Equality and Law Reform, and the Department of Finance - is required to specify exact savings and reporting structures.

- *Option B:* Review the Geological Survey of Ireland with a view to identifying cost savings and revenue generating opportunities that amount to 20% of its operating costs by 2011

Inland Fisheries

- *Recommendation A:* The Department has identified savings of €300,000 on the fisheries boards travel and subsistence (2008 rates) from the abolition of the Regional Boards after restructuring is complete. The restructuring group has also identified three fisheries boards' management posts that will be surplus after the re-organisation.
- *Option B:* Increase fisheries boards target for own resource income to €10m per annum by 2012.

Corporate

The Department of Communications, Energy and Natural Resources in common with most other Government Departments provides a full range of corporate support services (e.g. Finance and Accounts, Human Resources, IT, Accommodation) to Line Divisions.

The overall Department has reduced in size by about 25% since early 2007 (due in part to the transfer of marine functions to the Department of Agriculture and Food) and this reduction has been reflected in falls in the number of staff providing back-office services to the Department, particularly in IT where civil servants employed in the area have fallen by two-thirds. The reduction in size also reflects a strategic initiative to achieve savings by reducing staff numbers. This initiative has reached its practical limit. The overall number of staff in the Department (296 at the end of January 2009) means that some of these functions are run for a relatively small number of customers by Government Department norms. Nevertheless the Department needs to provide basic cover and a certain critical mass of support services.

A number of Departments are examining the possibility of providing such services on a shared basis. As a small Department, there may be savings available by outsourcing some of this work. The proposal would be to reach agreement with another Department or Departments on the provision of a number of these services. Achieving these savings (which could amount to 3%-5% of Departmental staff) is entirely dependent on the Department's capacity to transfer surplus staff in the Corporate Services areas the bulk of who work in one regional location to other Government Departments in the same regional location. DCENR

would have to be satisfied that the quality of service does not suffer and in particular that controls and accountability in relation to Vote expenditure are fully protected.

Summary Vote Group Evaluation Paper

– Communications, Energy & Natural Resources Vote Group

1. Main Areas of Spending

[Ideally, these should correspond with the Programmes listed in the Annual Output Statements.]

Programme:	2005 Outturn	2006 Outturn	2007 Outturn	2008 Prov. Outturn	2009 Deferred REV Estimate
	€ million	€ million	€ million	€ million	€ million
A: Communications	23.987	36.356	43.204	55.876	56.973
B: Broadcasting	223.181	245.667	257.341	267.078	278.186
Broadcasting Licence Fees	200.323	205.606	217.466	224.174	234.778
C: Energy	17.705	48.761	59.677	67.608	135.275
D: Natural Resources	4.292	7.008	10.554	18.541	18.765
E: Inland Fisheries	27.661	30.683	43.215	46.820	39.871
F: Administration (Corporate Management Programme)	59.977	45.725	40.225	31.617	30.241
Other					
Miscellaneous	4.929	2.282	1.215	0.300	0.871
Marine Safety	41.580	-	-	-	-
Sea Fisheries	91.797	98.896	65.078	-	-
TOTAL GROSS EXPENDITURE	495.109	515.378	520.509	487.840	560.182
<i>Included Total Gross Expenditure:-</i>					
Exchequer Pay	79.692	71.198	54.217	55.517	53.996
Of which is Exchequer Pensions*	2.696	1.383	2.520	3.583	3.252
Public service numbers included in Exchequer Pay (Whole Time Equivalents):	2005 WTE	2006 WTE	2007 WTE	2008 WTE	2009 WTE
- Civil Servants	658	512	436	308	307
- Other Public Servants	1,208	1,269	942	993	1,021

* 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.

2. Summary of Savings Options Proposed

Where possible estimates of savings to be realised by the proposals are highlighted in the table below. In some cases a detailed analysis will be required to specify exact savings.

<u>Specific Proposals (including Agency Rationalisations)</u>
1. Defer rollout of MANs reducing the demand for capital expenditure by €125m over a three-year period
2. Review the operation of the Digital Hub Development Agency (DHDA) with a view to eliminating the current Exchequer subvention of about €2m per annum
3. Ensure the State receives a fair return for spectrum and a suitable environment for new digital businesses is created
4. Amalgamation of Broadcasting Authority of Ireland and Irish Film Classification Office (currently under the aegis of the Department of Justice, Equality and Law Reform)
5. Study the interrelationship of RTE Group, TG4 and other broadcasters within the evolving media market to see what efficiencies and strategic benefits could arise from greater cooperation between broadcasters
6. Funding of Broadcasting Authority of Ireland by levy (planned). This will realise a saving of €6m per annum
7. Establish back office support operations for Sustainable Energy Ireland (SEI) programmes in Dundalk and a new headquarters for the agency in Dublin City centre (ideally with the office complex of EI/SFI/IDA/Forfás) where interagency teams staffed by officials from a variety of departments and other state agencies would work on the delivery of economic opportunities from new energy efficiency and renewables technologies
8. Introduce a system for the allocation of an overhead charge from capital budgets to cover the current costs for key SEI programmes. This should encourage a managerial rather than a bureaucratic culture within these new inter agency delivery teams
9. Continue to review and refine grant levels and technologies permissible under SEI schemes such as 'The Greener Homes Scheme' as they meet their objectives and the economies of scale in the growing energy industries are reached
10. Transfer the supervision and oversight of Coillte (and possibly Coford) to the Department of Communications, Energy and Natural Resources and investigate what synergies can evolve from the development of that company and Bord na Móna
11. Merge OSi with the Property Registration Authority (currently under the aegis of the Department of Justice, Equality and Law Reform) and the Valuation Office (currently under the aegis of the Department of Finance) to realise synergies between the agencies by pooling

expertise and sharing back-office services

12. Review the Geological Survey of Ireland with a view to identifying cost savings and revenue generating opportunities that amount to **20% of its operating costs by 2011**

13. The Department has identified savings of **€300,000** on the fisheries boards travel and subsistence (2008 rates) from the abolition of the Regional Boards after restructuring is complete. The restructuring group has also identified three fisheries boards' management posts that will be surplus after the re-organisation

14. Increase fisheries boards target for own resource income to **€10m per annum by 2012**

15. Reach agreement with another Department or Departments on the provision of a number of back-office services on a shared basis. Savings amounting to **3%-5% of Departmental staff** could be achieved

3. Individual Programme details for each programme

Programme A (as at 1 above): [Communications]

High Level Goal

- 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

Impact indicators

Communications

- Effective rollout of Exchequer investment in the area in a way that targets are met e.g. there are specific targets for the NBS
- High quality telecommunications infrastructure especially broadband
- Competition, innovation and growth in the electronic communications sector contributing to the economy as a whole and playing a key role in maintaining and improving national competitiveness
- An improved investment environment for the private sector, leading in particular to a rollout of next generation network (NGN) broadband
- Equality of access by all citizens to electronic communications services, thereby contributing to balanced regional development and enhanced social cohesion

Postal

- A dynamic postal sector with postal operators ranging from large operators with nationwide and international reach, to small niche operators, each focussed on providing innovative, attractive and competitive postal products.
- A nationwide, customer-focussed network of post offices in operation
- Working with An Post to ensure cost efficient service delivery and more generally development of competition

Programme Rationale and Prioritisation

The programme prioritises expenditure aimed at addressing market failure in the provision of key communications infrastructures, and in the promotion of innovation and growth in the digital communications sector so as to maintain and improve national competitiveness

Inputs

Communications Programme	2007 Outturn € million	2008 Outturn € million	2009 Estimate € million
Programme Expenditure:			
- Current	2.871	4.007	3.675
- Capital	41.016	51.868	53.299
Administration and Other Support			
- Pay	1.927	2.234	2.261
- Non-Pay	0.733	0.984	0.432
TOTAL GROSS PROGRAMME EXPENDITURE	46.547	59.093	59.667
Public service numbers for Programme (Whole Time Equivalents):	2007 WTE	2008 WTE	2009 WTE
- Civil Servants	31	30	30
o Other Public Servants			
o Digital Hub Development Agency	21.3	21.3	20.3
o National Digital Research Centre	6	11	15

Broken down by Subhead as follows:

Communications Programme	2007 Outturn / Output Achieved	2008 Outturn / Output Achieved	2009 Estimate / Output Target
Subhead B1 – Information and Communications Technology Programme	Total - €37.954m	Total - €49.031m	Total - €48.049m
- Capital	€37.954m	€49.031m	€48.049m
Outputs	47 (I and II) MANs completed 877,963 broadband subscribers	60 MANs (I and II) completed 1.125m broadband subscribers	59 MANS II completed Broadband available in 48% of the NBS coverage area
	N/A	N/A	Pilot 100 mbs Schools Broadband
	N/A	N/A	Kevin: Connections from Derry to Letterkenny and Monaghan; and Monaghan to Dublin via Dundalk
Subhead B2 – Multimedia Developments	Total - €4.356m	Total - €4.572m	Total - €6.881m
- Current	€1.856m	€1.941m	€1.881m
- Capital	€2.500m	€2.631m	€5.000m
Outputs	90 DHDA companies employing 730 staff	101 DHDA companies with 870 staff	107 DHDA companies with 1000 staff
	NDRC in start-up phase: 5 research projects under development	7 projects approved for development	15 projects under development
Subhead B3 – Rapid Programme (Dormant Accounts Allocation)	Total - €0.901m	Total - €0.518m	Total - €1.147m
- Current	€0.339m	€0.311m	€0.897m
- Capital	€0.562m	€0.207m	€0.250m
Outputs	Commenced funding for 34 schemes	Funding completed for 6 schemes	Funding completed for the remaining 28 schemes

Subhead B4 – Information Society and eInclusion - Current	Total - €0.000m	Total - €1.755m	Total - €0.896m
Outputs	N/A	Grant allocations to 87 organisations amounting to €2.23m	Review eInclusion Scheme with a view to making a further call for applications
		€1.755m	€0.896m

Delivery Mechanism: A brief outline of how the Programme is delivered. Ensure the outline includes any Agencies involved in the process

- The National Broadband Scheme is delivered by 3 (a Hutchison Whampoa company)
- The Metropolitan Area Networks Phase II (MANs II) is delivered by building contractors contracted by Local Authorities and overseen by the Department's technical consultants
- The Management Service Entity for MANs II is delivered by the Department's technical consultants on an interim basis pending identification of the winning bidder under a public procurement process
- 100mbps to post-primary schools will be delivered by the winning bidders under public procurement processes
- Project Kelvin is delivered by Hibernia Atlantic (HA). It is a joint North South EU funded project under the Interreg IV Programme
- The National Digital Research Centre's (NDRC) objectives are delivered through the oversight, by the NDRC, of translational research
- The Digital Hub Development Agency (DHDA) oversees the development of a cluster of digital media companies
- The eInclusion Scheme is delivered by the Department

Assessment of how this expenditure programme is meeting the policy objectives it is intended to. This assessment should take into account the resources being deployed to achieve the outcomes

- NBS: The company 3 has just begun to roll out the network. A combination of incentives, possible penalties, and a performance bond form part of the contract and are linked to key project milestones aimed at achieving widespread availability of broadband by end 2010.
- MANs II: The VFMPR of MANs II found that the programme made a significant contribution to the development of the telecommunications sector in Ireland; contributed significantly to the competitiveness of regional centres in Ireland and their attractiveness for international foreign direct investment; and the IDA are of the view that the MANs have provided their client customers with much greater choice, service and better prices when it comes to broadband (and telephony) connectivity. The review also found that the MANs intervention is less suitable to smaller urban areas without a critical mass of population. The rollout of MANs in those towns for

which Phase II MANs are planned but on which work has not yet started, has been halted pending a formal case-by-case evaluation

MSE for MANs II: The entity is required to manage, market, operate and maintain the MANs II that are already in place. The MSE is to be selected by competitive tender to ensure the most economically advantageous option is selected

- 100mbps to post-primary schools: Ex ante evaluation has commenced
- Project Kelvin: The network to enhance international connectivity is being planned by HA at present. The total cost of the project is €30m with the EU funding 75% of this cost. The Department of Enterprise, Trade and Industry (Northern Ireland) will pay €18m (60% of cost) and the Department of Communications, Energy and Natural Resources will pay €12m (40% of cost). With co-funding of €9m (75% of cost) from the EU, the net cost to the Irish Exchequer is €3m. In addition, HA is adding [REDACTED] of private investment for the strategic development of their network
- National Digital Research Centre: After a slow start, the centre is now making progress with the projects in line with the policy objective of promoting innovation and growth in the digital communications sector. By the end of 2008, it had contracted 7 projects with a total value of €3.3m.
- Digital Hub Development Agency: While the cluster of companies is doing well (there has been an increase from 72 companies employing 500 people in 2006 to 101 companies employing 870 people in 2008), there have been problems with the delivery of DHDA owned property

List the key drivers of the increase in expenditure / numbers since 2002, paying particular attention to 2007 to 2009 and, if appropriate, key demographic pressures arising in future years. How can these drivers be contained?

- Since 2002 the main driver of expenditure has been the need to address market failure in the provision of key communications infrastructures, and in the promotion of innovation and growth in the digital communications sector so as to maintain and improve national competitiveness
- Between 2002 and 2006 investment was concentrated in open access infrastructure through the MANs programme to enhance regional towns' e-communications network infrastructures
- The MANs II will not generate sufficient revenues in the medium to long term and consequently will need to be managed on the State's behalf over the next 15 years (a concession agreement is being negotiated at present)

- Since 2007, the focus has shifted to ensuring broadband availability in unserved areas through the NBS, and enhancing international connectivity capacity by implementation of the Kelvin project
- The "broadband availability" driver will disappear in 2010 but a new driver "broadband speeds" is likely to evolve giving rise to pressure to fund the elements of higher speed networks
- The DHDA's draw on central funding has declined slightly over recent years but it will not become self-financing as planned from 2010 onwards calling into question its longer term viability

Outline the likely consequences if this Programme were discontinued entirely?

- NBS: There is a contractual commitment to spend €79.9m over 5 years as follows: €15.96m (2008); €27m (2009); €31.24m (2010); €2m (2011) and €3.6m (2012). The consequence of dropping the programme completely is that broadband will not be made available in currently unserved areas and the contract with the company 3 would be breached
- MANs II: The MANs programme is now largely complete. The rollout of MANs in those towns for which Phase II MANs are planned but on which work has not yet started, has been halted pending a formal case-by-case evaluation
- MSE for MANs II: The entity is required to manage, market, operate and maintain the MANs II that are already in place. If discontinued MANs II would not operate or be maintained
- 100mbps pilot to post-primary schools: This is a pilot project to provide high speed broadband to a number of second level schools. It is a key priority to ensure the provision of digital literate students who will be the labour force of the next economy
- Project Kelvin: There is a contractual commitment to spend €12m over 3 years as follows: €1.2m (2008); €4.8m (2009); and €6m (2010). The consequence of dropping the project completely is that international connectivity will not be enhanced; the North-South funding agreement would be broken; and the contract with the company HA would be breached
- NDRC: There is a contractual commitment to spend €20.101m over the next 3 years as follows subject to achievement by the NDRC of performance milestones. If discontinued, the translational centre would close impacting on the creation of higher value-added, knowledge society jobs and the contract with the NDRC would be breached

- DHDA: Discontinuance would mean that responsibility for the current start-up incubation services, property services and educational/social outreach programmes would have to be reassigned and/or ceased.

Opportunities and obstacles for rationalising the staffing resources for this Programme (incl. any work practice, mobility issues)

See material under Corporate heading

List of Recommendations and Options for (1) scaling back or discontinuing this Programme and (2) securing savings / efficiencies on this Programme, including savings / surplus staff arising:

Communications

- **Option A:** Defer rollout of MANs in those towns for which Phase II MANs are planned but on which work has not yet started. This would reduce the demand for capital expenditure by €45m over a three-year period. Decide to further defer Phase III MANs pending the reprioritisation of selected towns informed by the recent Value for Money Review and the introduction of a system for ‘backhaul’ and ‘last mile’ connections to the networks that will yield an economic return on the investment. This would reduce the demand for capital expenditure by €80m over a three-year period.
- **Option B:** Review the operation of the Digital Hub Development Agency (DHDA)¹ with a view to:
 - eliminating the current Exchequer subvention of about €2m
 - placing the Hub on a sustainable path for the future
 - encouraging further cooperation with Dublin City Council and the OPW in the development of the Hub, in order to achieve greater efficiencies in its property management function and allow it to focus on developing digital enterprise.
- **Option C:** ComReg allocates radio spectrum for which it charges a fee. The Minister is empowered to require ComReg to pay into the Exchequer monies received for such spectrum in any financial year in excess of that required to run the Office. While it is necessary that the State receives a fair return for spectrum it is critical for the creation

¹ See below

of a suitable environment for new digital businesses that ComReg also give due recognition to the innovation and enterprise value of spectrum and promote spectrum availability as a vehicle for the development of new digital services and technologies.

For each Agency (except where covered under 3 above*):

Agency Name

Digital Hub Development Agency

Agency functions, rationale and prioritisation

The objectives of the DHDA are set out in The Digital Hub Development Act. In summary they are as follows:

- To create state-of-the-art infrastructure to cluster leading edge Irish and international digital media companies in a core development located in Thomas Street
- To facilitate new connections between the creative, technological, research and development, educational and community sectors for collaboration and value added outputs
- To design and deliver a sustainable, vibrant and inclusive living and working environment to benefit the local and enterprise communities in the core development
- To deliver the project through initial public sector investment, subsequent public private partnership developments, and community participation

Inputs

	2007 € million	2008 Outturn € million	2009 Estimate € million
Programme Expenditure:			
- Current	€1.856m	€1.941m	€1.881
- Capital			
Administration and Other Support			
- Pay	€1.024	€1.244	€0.649
- Non-Pay	€0.832	€0.697	€1.232
TOTAL GROSS PROGRAMME EXPENDITURE	€1.856m	€1.941m	€1.881
Public service numbers for Programme (Whole Time Equivalents):	2007 WTE	2008 WTE	2009 WTE

- Civil Servants			
- Other Public Servants	21.3	21.3	20.3

Opportunities and obstacles for rationalising the staffing resources in this Agency (incl. any work practice, mobility issues)

The DHDA could be reviewed with a view to elimination the Exchequer subvention

List of Recommendations and Options for abolishing / amalgamating this Agency, or assimilating back into parent Department

- **Recommendation:** Review the operation of the Digital Hub Development Agency (DHDA)² with a view to:
 - eliminating the current Exchequer subvention of about €2m
 - placing the Hub on a sustainable path for the future
 - encouraging further cooperation with Dublin City Council and the OPW in the development of the Hub, in order to achieve greater efficiencies in its property management function and allow it to focus on developing digital enterprise.

² See below

Programme B (as at 1 above): [Broadcasting]
High Level Goal

- To promote a vibrant broadcasting sector, which provides engaging, entertaining and informative content for Irish audiences

Impact Indicators

- High quality public service broadcasting available to and availed of by Irish audiences
- A regulatory environment that facilitates the development of public service, commercial and community broadcasting
- Continued availability to Irish audiences of universal and free-to-air broadcasting services in a digital environment and development of services for Irish communities abroad

Programme Rationale and Prioritisation

It is Government policy to maintain public broadcasting services that educate, entertain and inform. Such has been in place since the foundation of the State. Since 1988 Ireland has also sought to ensure the development of purely commercial broadcasting services within the appropriate regulatory framework. The underlying market failure logic is that free markets left to their own devices would not produce public broadcasting services at the price and/or in the quantity and form required to maximise the benefit to society.

Inputs

Broadcasting Programme	2007 € million	2008 Outturn € million	2009 Estimate € million
Programme Expenditure:			
- Current	252.111	264.647	277.286
- Capital	5.237	2.431	0.900
Broadcast Licence Fee Receipts	217.466	224.174	234.778
Administration and Other Support			
- Pay	0.673	0.692	0.700
- Non-Pay	0.312	0.185	0.206
TOTAL GROSS PROGRAMME EXPENDITURE	258.334	267.954	279.092
Public service numbers for Programme (Whole Time Equivalents):	2007 WTE	2008 WTE	2009 WTE
- Civil Servants	12	11	11
o Other Public Servants			
o Broadcasting Commission of Ireland	41	37.7	35.7
o TG4	86	90	87