

PEM PAL 2013 BCoP Event

Study Visit on Spending Reviews

Expenditure Context

for

Department of Transport, Tourism & Sport

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Part A : Decision-making on Public Expenditure

Government's Collective Responsibility

- The Prime Minister (*Taoiseach*) heads the Irish Government, which consists of up to 14 ministers with a government department each.
- One such department is the Department of Transport, Tourism and Sport. The current Minister is Leo Varadkar, T.D.
- The Irish Constitution sets the principle of collective responsibility: government approval is required for significant new or revised policies and strategies, and no bill can be drafted without prior formal approval of the Cabinet.

Department of Public Expenditure and Reform

- Department of Public Expenditure and Reform responsible for Management of Public Expenditure within Budgetary Parameters (as set by the Department of Finance)
- Estimates Process – Sanctioning Powers
- Appraisal, Review and Evaluation of Expenditure
- Comprehensive Expenditure Reviews
- Public Service Management, Modernisation and Reform including Industrial Relations
- Policy on Public Service Numbers, Recruitment, Pay, Pensions, condition of service etc.

Role of Spending Departments

- Preparation of Detailed Estimates for each area of expenditure
- **A** – Administration – Wages, salaries, travel office equipment, consultancies and training
- **B, C, ...** specific areas of expenditure for which Departments are responsible e.g. Expenditure on transport, tourism and sport
- Manage spending within their allocations
- Account for spending to Comptroller & Auditor General and Public Accounts Committee

Houses of the Oireachtas (Parliament)

Constitution of Ireland states:

- Art 28.4.4: The Government shall prepare estimates of the receipts and expenditure of the State for each financial year and shall present them to Dail Eireann for consideration.
- Art 17.1.1: As soon as possible after the presentation to Dail Eireann under Art 28...of the Estimates of receipts and expenditure of the State for any financial year, Dail Eireann shall consider such estimates.
- Art 17.1.2: Save as may be provided by specific enactment in each case, the legislation required to give effect to the Financial Resolutions of each year shall be enacted within that year.

Committee of Public Accounts

Standing Order 158 (i) of Dáil Éireann 158

(1) There shall stand established, following the reassembly of the Dáil subsequent to a General Election, a Standing Committee, to be known as the Committee of Public Accounts, to examine and report to the Dáil upon—

(a) the accounts showing the appropriation of the sums granted by the Dáil to meet the public expenditure and such other accounts as they see fit...which are audited by the Comptroller and Auditor General and presented to the Dáil, together with any reports by the Comptroller and Auditor General thereon

Comptroller & Auditor General

The core activities of the Office of the Comptroller and Auditor General are the audit of the annual financial statements of central government departments and agencies and the provision of reports to Parliament on the management of public business and resources. The accountability element — aimed at providing assurance that taxpayers' money has been properly managed and that adequate information is available to judge performance — underpins the focus, conduct and execution of the work -

<http://www.audgen.gov.ie>

Production Cycle for Estimates

- **Revised Estimates 2013** provides details of the expenditure allocations for the 40 individual “Votes”, covering all of the Government Departments and many of the key State agencies.
- **Data:** The data for each of the votes is presented at programme and subhead level. Consideration is given to each of the estimates by a relevant Dáil Select Committee.
- **Authorisation:** When the estimate for each of the votes is brought back to Dáil Éireann the individual allocations are authorised or voted by the Dáil. The amounts voted by the Dáil in this way – including any “Supplementary Estimates” that may need to be passed during the year – are formally authorised into law by the annual Appropriation Act for the year.

Reforms since 2011

New Over-arching strategy for Expenditure Policy impacting on Current and Capital Expenditure:

- **Medium-term Fiscal Statement (Nov. 2011)**
- **Infrastructure and Capital Investment 2012-16: Medium-term Exchequer Framework (Nov. 2011)**
- **Comprehensive Expenditure Report 2012-14 (December 2011)**
- **Revised Estimates for Public Services (February 2012)**
- **Medium-term Fiscal Statement (Nov. 2012)**
- **Revised Estimates for Public Services (April 2013)**

Enhancement of Public Service Estimates

- *Since 2012 Estimates are being supplemented with key performance information regarding outputs and impacts (Revised Estimates for Public Services, April 2013, www.per.gov.ie)*
- *Departmental Estimates being restructured on a Strategic Programme basis, consistent with the presentation of Departments' Statements of Strategy*
- *This is part of the on-going initiative intended to facilitate the work of Dáil Éireann and its Select Committees in holding Ministers and Heads of Department to account for the proposed allocation and effective utilisation of public funds*

Moving from Inputs to Outputs to Outcomes

- Traditional concentration of € spent, staff numbers etc. = **Inputs**
- Latterly move to analysis of **Outputs**, e.g. Number of public transport passengers carried, number of tourists arriving etc.
- Now looking for **Outcomes** – transport system improvements, reduced journey times etc.

Ireland Stat website

Ireland Stat website; The Programme for Government Annual Report 2013 (March 2013) pointed out that – *“Ireland Stat is a new whole-of-Government performance website for citizens...It presents accessible information for government programmes on activity, costs, achievements and international comparison”*.

Pilot Project: The website is only a pilot project, embracing just three areas of policy. One area embraced is Land Transport. There is a lot of work that still needs to be done before all government departments are included on the website. Moreover, there is need to see evidence of commitment from all line Departments to the project.

Source: www.irelandstat.gov.ie

'Ireland Stat' – The Potential

'Ireland Stat' website, when it is fully up and running, will capture Ireland's performance under a number of headings: -

- Achievements – what has Ireland achieved?
- Actions – what has Ireland done?
- Costs – what has it cost Ireland?
- International comparisons – how is Ireland doing compared to other EU and OECD countries?
- Trends over time – are the measures improving, staying the same or getting worse?

**Part B : Department of Transport,
Tourism & Sport – Mission
Statement and Strategies**

Department of Transport, Tourism & Sport Mission Statement

“To ensure that the transport, tourism and sport sectors make the greatest possible contribution to economic recovery, fiscal consolidation, job creation and social development”

Department of Transport, Tourism and Sport
Statement of Strategy 2011-2014

Department of Transport, Tourism & Sport: The High Level Goals

Aviation : To ensure the aviation sector supports Ireland's economic and social goals in a safe, competitive, cost-effective and sustainable manner and to ensure maximum connectivity for Ireland with the rest of the world.

Land Transport: To provide for the maintenance and upgrade of the transport network and ensure the delivery of public transport services with particular regard to economic competitiveness, social needs, sustainability and safety objectives.

Maritime: To ensure the safety and competitiveness of maritime transport services, the protection of the marine environment and the provision of an effective emergency response service.

Tourism : To support the tourism industry in increasing revenue and employment through enhancing competitiveness and through marketing and product development.

Sport : To contribute to a healthier and more active society by promoting sports participation and by supporting high performance and the provision of facilities.

Support Services : To ensure the Department and its agencies are organised and developed in an efficient and effective manner to deliver on our Mission Statement and High Level Goals

Public Service Reform

“The Department will continue to...deliver more efficient organisational structures, enhanced business processes and pursue opportunities for shared services, whilst significantly reducing numbers employed in the sector in line with the commitment to reduce overall public service numbers in the Programme for Government. The delivery of tangible reform measures...will be central to this process.

“In addition, the Department is committed to an ambitious programme of agency restructuring such as the merger of the NRA and the RPA, the Irish Aviation Authority and the Commission for Aviation Regulation, a multi-modal accident investigation unit, enhanced arrangements for the administration of driving licences and revised arrangements for commercial vehicle roadworthiness testing. Effective estate management to reduce the number of buildings and maximising their utilisation across the sector will continue to be an objective”.

Cross Cutting/Integration

“The Department recognises that many of its strategies cut across the functions of other bodies. The delivery of such cross-cutting strategies can only be achieved through highly focussed coordination and cooperation across the functional units of the Department itself; with the State agencies under our remit; with other Departments; and, where appropriate, with the private sector including through public private partnerships.

“The necessary formal and informal structures to drive such an approach already exist in most cases or are being put in place. Where necessary we are restructuring our agencies to enhance our capability to deliver efficiently. Underpinning all our activities is a continuing open and responsive relationship with the Department of Public Expenditure and Reform”.

Dept/TTS faces new Reviews

- **15 October 2013**: On BUDFET DAY, Public Expenditure and Reform Minister, Brendan Howlin, announced that next Comprehensive Review of Expenditure to begin shortly
- **Action**: Will be a line-by-line examination of current expenditure across all expenditure programmes and it will build on the experience of conducting the previous spending reviews
- **Benefit** : To inform Government decisions on future budgetary matters and allow for Government's reviews and recalibration of ministerial expenditure ceilings in light of changing priorities and evaluations of expenditure
- **Capital**: In parallel with **current**, medium term **capital** investment programme to be reviewed at same time

Part C : Department of Transport, Tourism & Sport – Some Key Statistics

Dept/TTS, 2013 Estimate, € million

Programme (current and capital)		€ million	
A-CIVIL AVIATION		30.1	
B- LAND TRANSPORT		1313.0	
C- MARITIME TRANSPORT AND SAFETY		101.8	
D- SPORTS AND RECREATION SERVICES		74.6	
E- TOURISM SERVICES		139.6	
Gross Total		1659.1	
F- APPROPRIATIONS-IN-AID		438.6	
Net Total		1220.5	

Dept/TTS, 2014 Estimate, € million

Programme (current and capital)		€ million	
A-CIVIL AVIATION		28.0	
B- LAND TRANSPORT		1269.8	
C- MARITIME TRANSPORT AND SAFETY		92.7	
D- SPORTS AND RECREATION SERVICES		69.0	
E- TOURISM SERVICES		123.7	
Gross Total		1583.2	
F- APPROPRIATIONS-IN-AID		394.4	
Net Total		1188.8	

Dept/TTS, Between 2013 and 2014

Percentage Change

Programme (current and capital)		%
A-CIVIL AVIATION		-7%
B- LAND TRANSPORT		-3%
C- MARITIME TRANSPORT AND SAFETY		-9%
D- SPORTS AND RECREATION SERVICES		-8%
E- TOURISM SERVICES		-11%
Gross Total		-5%
F- APPROPRIATIONS-IN-AID		-10%
Net Total		-3%

Dept/TTS: Employees and Pensioners

	2003	2004	% change	
EMPLOYEES	1471	1450	-1%	
PENSIONERS	397	395	-1%	

**Part D : Department of Transport,
Tourism & Sport – Expenditure Reviewed**

Review of Capital and Current Expenditure

- In parallel with the Comprehensive Expenditure Review, 2012 – 2014,, the Department of Public Expenditure and Reform led a Government-wide review of the Exchequer Capital Programme in 2011.
- This led to a reprioritisation of capital investment and the publication of “Infrastructure and Capital Investment 2012-2016: Medium Term Exchequer Framework” (<http://per.gov.ie/wp-content/uploads/Infrastructure-and-Capital-Investment-2012-2016.pdf>) .

Review of Capital

- Department of Public Expenditure and Reform led the capital review. It was driven by the fact that over the medium-term there will be a lower level of resources available for capital investment. While not ideal, this is the reality of the fiscal challenge which the Government faced.
- Transport took a big hit. The Review stated that *“Over the past decade or so, some €70 billion has been invested in infrastructure and the productive sector. Judged by a range of measures, the quality and quantity of the country’s stock of infrastructure has been considerably augmented in recent years”*

Period of Capital Consolidation

The Infrastructure Review also pointed out that

- “The Government’s Medium-Term Fiscal Statement sets the parameters for budgetary policy in the coming years. As a result of the process of this review, and in the context of setting the overall path of fiscal consolidation, the Government has decided that the Public Capital Programme needs to contribute further to achieving fiscal consolidation, and is confident that this can be done without major negative consequences for economic activity”

While the Review set-out the broad direction, level and sectoral split of investment, all individual project proposals will be subject to relevant Value for Money arrangements - including detailed appraisal – prior to the commitment of significant Exchequer resources.

Dept/TTS : Capital Allocations

Year	€ million
2012	1231
2013	900
2014	879
2015	818
2016	818
TOTAL	4646

Dept/TTS: Reviewing Expenditure – Stage 1

- For CER 2012, the Dept/TTS divided Department's current expenditure into 30 discrete programmes*
- The Divisions within the Department were invited to review these programmes on the basis of the review template prescribed by the Department of Public Expenditure and Reform.
- The Department's non-Commercial state Sponsored Bodies were invited at Chief Executive level to a briefing by the Secretary General and invited to make submissions to the Department based on the review template.

* Only €677k of current expenditure not covered, as this relates to miscellaneous subscriptions to international organisations

Dept/TTS: Reviewing Expenditure – Stage 2

- An internal cross-cutting team chaired by the Finance Division was established and tasked to review the various programme reports
- The Team was briefed at its first meeting by the nominated liaison officer from the Department of Public Expenditure and Reform
- The assessment of the cross-cutting Team informed the deliberations of the Management Board which in turn made recommendations to the Minister culminating in the Department's published submission.

Dept/TTS: Reviewing Expenditure – Current cuts

Year	Transport, Tourism & Sport	Cumulative Change
	€ million	€ million
2012	786	€115 mn cut to
2013	747	be achieved over 3
2014	691	year to end 2014

Dept/TTS: Reviewing Expenditure – Current cuts

- Dept/TTS's approach has been to deliver the cumulative savings in context of a current expenditure level of around €818m.
- Savings under the Administrative Budget of €37m. to achieved through the Croke Park process. The proposed adjustments to programmes do not have the effect of reducing the Department's staffing requirement
- Within the current programme expenditure which totals €818m, the DTTAS Vote is dominated by heavy expenditure in a small number of “major” programmes notably public transport subvention, road maintenance, tourism promotion and funding of sports

Dept/TTS

Current

Cuts :

€45mn

in full

year

National Transport Authority						
Reduce funding envelope for Public Service Contracts						21
Aviation						
Reduce funding for Regional Airports and Miscellaneous Aviation Services.						5
Regional and Local Roads						4.5
Discontinue funding for Local Improvement Scheme for non-public roads in 2012.						
Reduce maintenance current expenditure for the local and regional road network.						
Vehicle and Driver Licensing						3
Introduce new efficiencies mainly through the use of IT.						
Fáilte Ireland						3
Introduce efficiencies and rationalise funding for events and visitor servicing.						
Irish Sports Council						2
Reduce funding for various sporting organisations and programmes.						
Tourism Marketing Fund						2
Reduce allocation for tourism marketing programmes.						
Road Safety Authority						1.5
Programme savings through efficiencies.						
National Roads Authority						1
Savings options dependent on fully functioning redeployment programme or alternative scheme to facilitate reduction in staff numbers.						
Rural Transport Initiative						0.9
A range of measures to improve programme efficiency are being considered.						
Railway Procurement Agency						0.8
Reduction in corporate support costs.						
Medical Bureau of Road Safety						0.3
Introduction of efficiencies.						
Railway Safety Commission						0.1
Reduction of expenditure on training, legal fees, IT, consultancy and office and technical equipment.						

Dept/TTS: More current cuts

The **€45 million** listed in previous slide show very specific expenditure cuts. In addition, the Comprehensive Expenditure Review lists three areas where further cuts will be required. They are required to yield an additional **€70 million** savings in a full year. They are :-

- Public Transport Public Service Obligation Payments (€32 mn)
- Agency Expenditure Reductions (€16 mn)
- Regional and Local Roads (€16 mn)
- Tourism Marketing (€4 mn)
- Rural Transport Initiative (€1 mn)
- Regional Airports (€1 mn)

Dept/TTS: Keep on the pressure !

The **Comprehensive Expenditure Review 2012** points out that –
“...reducing overall expenditure in 2013-2014, as required by the expenditure ceilings, will require ongoing critical analysis of the efficiency, staffing and service-delivery models in place within the Department. In addition, all areas of spending by the Department will be subject to continued evaluation to ensure that scarce resources are directed towards areas of greatest impact and value-for-money”

- **New Reviews:** The next round of reviews is on its way. On BUDFET DAY, 15 October 2013, Public Expenditure and Reform Minister, Brendan Howlin, announced that the next Comprehensive Review of Expenditure to begin shortly . It will again involve a line-by-line examination of current expenditure across all expenditure programmes and it will build on the experience of conducting the previous spending reviews

Submissions by Secretary-General of Dept/TTS

The Secretary General of Dept/TTS submits results of the detailed evaluations that take place in his Department, in relation to reviews of both capital and current expenditure, when Reviews are undertaken

There have been two Capital submissions in 2011/2012; available on the following website:

[www.per.gov.ie/wp-content/uploads/13393-CRE TOURISM AND SPORT CAPITAL REVIEW-31.pdf](http://www.per.gov.ie/wp-content/uploads/13393-CRE_TOURISM_AND_SPORT_CAPITAL_REVIEW-31.pdf)

And

[www.per.gov.ie/wp-content/uploads/13393-CAPITAL REVIEW 20122016-11.pdf](http://www.per.gov.ie/wp-content/uploads/13393-CAPITAL_REVIEW_20122016-11.pdf)

And the submission for current expenditure in 2011/2012 is available on website:

<http://per.gov.ie/wp-content/uploads/20111209-COMPREHENSIVE-EXPENDITURE-REVIEW-CURRENT-EXPENDITURE.pdf>

Going Forward

- Over the past two years, notable efforts have been made by the Irish Government to introduce greater openness and transparency in the public financing process
- Increasing the use of performance information in the budgetary process is particularly important. It is imperative that all Government Departments restructure their expenditure programmes, so that they are consistent with their Statements of Strategy, as well as providing key performance information on outputs and impacts of expenditure.
- Not all Government Departments have undertaken this work to date. It should be noted that the Department of Transport, Tourism and Sport is one of the departments that did in fact make the transition to the new format