



An Roinn
Ealaíon, Oidhreachta agus Gaeltachta

Department of
Arts, Heritage and the Gaeltacht

Capital Expenditure

Review

2012-2016

July 2011

*Exempt under FOI Acts
Prepared for consideration at Government Meeting*

CONTENTS

1. OVERVIEW	1
1.1 Context.....	1
1.2 Background.....	1
1.3 Critical issues	2
1.4 Capital Envelope	2
1.5 Reductions in capital expenditure 2008 to 2011	3
1.6 Contribution of the Department to Economic Activity.....	3
1.7 Government Policy	5
1.8 Current Expenditure Implications.....	5
1.9 Contractual Commitments.....	5
1.10 Summary of Proposed Reductions in Capital Expenditure by sector	5
1.11 Priorities in the event of a reduction to 70% of present capital allocations	8
1.12 Programmes/projects to be prioritised if the full capital envelope is retained	10
1.13 Conclusion	10
2. Arts and Culture (Subhead B).....	12
2.1 Overall allocation	12
2.2 High Level Objective.....	13
2.3 Consistency with Programme for Government	13
2.4 Contribution to Economic Recovery	14
2.5 Savings Options	17
3. Heritage (Subhead C)	22
3.1 Overall allocation	22
3.2 High Level Objective.....	22
3.3 Consistency with Programme for Government	23
3.4 Contribution to Economic Recovery	23
3.5 Savings Options.....	26

4. Gaeltacht, Irish Language and Islands Programmes (Subhead D)	31
4.1 Overall allocation	31
4.2 High Level Objective	31
4.3 Consistency with Programme for Government	32
4.4 Contribution to Economic Recovery	32
4.5 Savings Options	33
5. North South Bodies (Subhead E)	36
5.1 Overall allocation	36
5.2 High Level Objective	36
5.3 Consistency with Programme for Government	36
5.4 Contribution to Economic Recovery	36
5.5 Savings Options	37
6. Programmes\Projects to be Prioritised if allocations were cut to 70%	39
6.1 Context	39
6.2 Capital Envelope	39
6.3 Priorities in the event of a reduction to 70% of present capital allocations	40
6.4 Programmes/projects to be prioritised if full capital envelope is retained	42
6.5 Capital Programme Post 2012	42
6.6 Conclusion	42

1. OVERVIEW

1.1 Context

The Department of Arts, Heritage and the Gaeltacht has been asked to provide a report on its proposed overall capital investment programme for the period 2012-2016. An extensive review of all areas of capital expenditure across the Department has been undertaken, consistent with the guidance received from the Department of Public Expenditure and Reform and having regard to suggestions and proposals put forward by the public.

The Department has identified a sustainable level of savings - some €6.95m or 11.5% - that will reduce its capital expenditure in 2012 and 2013 to below the level set out in its Capital Envelope 2012-2014 and will keep it on track to achieve further savings over the period of the Review. These savings are summarised in section 1.10 below.

Capital expenditure is largely concentrated on necessary levels of maintenance to national cultural institutions and parks, works to address EU compliance requirements, North-South initiatives in the waterways sector, supports for the film and television industry and supporting employment in Gaeltacht areas. It must be emphasised that, given the major reductions already imposed on the Department's sectoral areas - some 73% since 2008 (down from €224m to €60m) - a further significant cuts at this time would raise major questions as to the future sustainability of the Department's capital programmes and its ability to deliver on the Government's objectives across the arts, heritage and language sectors.

However, in order to comply with the requirements set out by the Department of Public Expenditure and Reform in relation to the Review of Capital Expenditure, the Department has also identified the priority areas it would select for funding (set out in section 1.11 below) if its Capital Envelope were to be reduced to a level of 70% of its existing allocations - that is, from some €60m to €42m.

1.2 Background

The Department was established on the 1st of June 2011 on foot of the reorganisation of Government Departments announced by the Taoiseach in March 2011, bringing together functions from the former Department of Tourism, Culture and Sport, the Department of Environment, Heritage and Local Government and the Department of Community, Equality and Gaeltacht Affairs.

The Department oversees the preservation, protection and presentation of Ireland's heritage and cultural assets. The Department also seeks to promote the Irish language and to support the Gaeltacht. The key functions under its remit include:-

- Arts, Culture, Film and Music, as well as oversight of Ireland's cultural institutions (B Subheads);
- Ireland's Built and Natural Heritage (C Subheads);
- the Irish Language, the Gaeltacht and the Islands (D Subheads); and
- North/South Co-operation insofar as it relates to Waterways Ireland, An Foras Teanga and the wider functions of the Department (E Subheads).

1.3 Critical issues

- The Department of Arts, Heritage and the Gaeltacht, in fulfilling its mandate to support and promote the arts, culture, the built and natural heritage, the Irish language and the Gaeltacht, and the islands, recognises the intrinsic and unique value of all of these to Ireland, as well as the benefits they bring in enriching the lives of all our citizens. The Department, in carrying out this work, is delivering on the Government's commitment "to ensure that every one of our citizens has an effective right...to contribute to the...cultural life of the nation".
- However, in the context of this Review and its terms of reference, the Department has focused on the role it plays, through its capital budget, in contributing significantly to economic recovery and the broader task of re-establishing *Brand Ireland*.
- The overall level of capital expenditure by the Department is now at a very moderate level, having regard to the contribution it makes to supporting economic activity across the country - most particularly in the area of cultural tourism, one of the few indigenous labour intensive sectors with significant capacity to generate economic growth, growth in exports and growth in employment and to support local small businesses. Further reductions would impact significantly on the capacity of this sector to sustain its contribution to growth in tourism.
- Capital expenditure in the Heritage area is critical to achieving compliance with EU Directives and avoiding censure from the European Commission and potentially the European Court of Justice.
- As indicated above, reductions in these areas of capital expenditure have already been frontloaded in recent years, significantly reducing the scope for further savings. Over the period 2008 to 2011, there have been major reductions in the level of capital expenditure across the Arts, Heritage and Gaeltacht areas with expenditure reduced by 60% on Arts and Culture, while capital expenditure on the Heritage, Gaeltacht and Islands functions has fallen by 83%. Capital expenditure on North-South Co-operation has fallen by 45%.

1.4 Capital Envelope

The Capital Envelope for the Arts, Heritage and the Gaeltacht Vote Group for 2012-2014, as advised by Department of Public Expenditure and Reform, is outlined in the table below and

indicates a required reduction of some €8m or 13.7% over the period from the 2011 REV capital provision.

AHG Vote Group	2012	2013	2014
	€m	€m	€m
	60.226	55.253	51.934

1.5 Reductions in capital expenditure 2008 to 2011

This review has been conducted against the stark backdrop of radical reductions in capital funding across the full range of the Department's functions over the period 2008 to 2011, as set out below.

ARTS,HERITAGE, GAELTACHT & ISLANDS – CAPITAL EXPENDITURE 2008-2011					
	2008 REV	2009 REV	2010 REV	2011 REV	% change 2011 over 2008
	€000	€000	€000	€000	€'000
ARTS	78,480	44,627	40,400	31,550	-60%
HERITAGE	61,871	31,500	30,200	10,539	-83%
GAELTACHT & ISLANDS	73,000	55,932	33,600	12,300	-83%
North South	11,000	10,300	8,000	6,000	-45%
Total	224,351	142,359	112,200	60,389	-73%

In addition, a further €0.404 m was provided for capital expenditure on Office Equipment and IT in REV 2011, the full-year equivalent of which is €0.426m. This gives an indicative full-year capital allocation for the Department of €0.815m.

1.6 Contribution of the Department to Economic Activity

The Department, through its capital expenditure, makes a significant contribution to supporting economic activity across the country - both in the sectors that it directly supports, but more particularly in the context of cultural tourism.

For example, in the sectoral context, the most recent data available indicate that:

- A 2009 study reported that employment dependent on the arts, culture and creative sectors combined was 170,000 or 8.7% of total employment in the economy¹.
- Taking into account economic multipliers, the same study estimated the value added dependent on the arts, culture and creative sectors was €1.8 billion, or 7.6% of total GNP.
- The combined arts, culture and creative sectors is globally one of the fastest growing, representing 7% of global GDP and growing at 10% per annum.
- In the Film sector, a total of 57 projects were approved for funding in 2010 with an Irish spend of €164.65m - up from 44 projects and a spend of €106.7m in 2009. These projects supported employment for crew, cast and extras of over 10,000 individuals and had the effect of maintaining and creating jobs in a very difficult climate, while at the same time producing a product that will help to sell Ireland abroad.
- An evaluation of Údarás na Gaeltachta's Investment Programme indicated that Údarás client companies support 7,472 jobs and that this figure rises to an estimated economy-wide total of 14,485 jobs, including indirect and induced impacts.²

Cultural tourism is a key element of Ireland's tourism industry and the Department is a significant contributor to the attractiveness of the product and the economic spinoffs it provides.

In this regard, the most recent data available indicate that:

- A total of 73,000 jobs are dependent on cultural tourism, 3.4% of the total workforce³.
- Cultural tourists demonstrate higher than average spending while on holiday. Fáilte Ireland has estimated that in 2009, 3.3 million visitors to Ireland engaged in what can be described as heritage/culture tourism and spent an estimated €1.9 billion while in Ireland⁴.
- A total of €3.03 billion, or 2% of GNP is at least partly dependent on overseas cultural tourism. Domestic cultural tourism would add significantly to this.
- Cultural tourism is expected to experience growth of 15% per annum in the coming years.
- The list of top visitor attractions is dominated by natural and built heritage, while festivals, musical and other events also attract major numbers. In 2010, there were 3.5 million visitors to the cultural institutions directly supported by the Department.
- Ireland's current and future World Heritage Sites have the potential to significantly enhance the tourism return from Ireland's heritage. For the period 2008-2010, figures available show that there were over 1.73 million visitors to 13 heritage properties in State care alone, which received funding under the Department's Built Heritage Capital Programme.

¹ *The Economic Impact of the Arts, Culture and Creative Sectors – DKM Economic Consultants (2009)*

² *Assessment of the economic impact of Údarás na Gaeltacht Client Companies – Indecon; January 2011.*

³ *The Economic Impact of the Arts, Culture and Creative Sector by DKM Economic Consultants(2009)*

⁴ *Cultural Activity Product Usage Among Overseas Visitors in 2009 (Fáilte Ireland)*

- As demonstrated by the recent State visits of Queen Elizabeth II and President Barack Obama, heritage properties in State care - such as the Rock of Cashel, Dublin Castle and the Phoenix Park - can play an important role in showcasing our heritage, culture and national uniqueness.
- Investment in the conservation of our natural heritage has the dual benefits of preserving our natural environment for future generations, while also improving the local and national economy through the generation and expansion of responsible tourism.

1.7 Government Policy

In prioritising capital expenditure, the Department had regard to the Programme for Government and in particular commitments to support cultural tourism as one of the most important elements of Ireland's tourism product, to accelerate the implementation of EU directives, to support the 20-Year Strategy for the Irish Language 2010-2030 and deliver on the achievable goals and targets proposed, the delivery of new job creation prospects to Gaeltacht Regions and to support the full implementation of the Good Friday Agreement and the St Andrews Agreement.

1.8 Current Expenditure Implications

A significant proportion of the Department's capital expenditure is accounted for by grant schemes which have no current expenditure implications. Non-grant elements of the Department's capital programme relate primarily to maintenance of National Cultural Institutions, National Parks and national monuments in State ownership and accordingly, current expenditure implications are minimal.

1.9 Contractual Commitments

There is an estimated overhang in the region of €67.514m in contractual commitments under the Department's programmes. In addition, potential liabilities may arise on foot of legal cases for compensation being taken in respect of commercial turf cutting [REDACTED]

1.10 Summary of Proposed Reductions in Capital Expenditure by sector

The Department has identified a realistic and sustainable level of savings - some €7m or 11.5% - that will reduce its capital expenditure in 2012 and 2013 to below the level set out in its Capital Envelope 2012-2014 and keep it on track to achieve further required savings over the period of the Review.

These are set out in the tables below.

Subhead	Area/ Agency	Comment	Programme for Government reference	Proposed reduction
B5	Cultural Capital	No further cuts proposed owing to overhang of commitments. This area has been cut by 75% since 2008 and is now at the minimum necessary to honour commitments.	<ul style="list-style-type: none"> ✓ Greater co-operation with local authorities ✓ Dedication of resources to touring ✓ Cultural Tourism & Tourism Development ✓ Commemorative events ✓ Protection of State's regional arts investment 	Nil
B7	Arts Council (grant-in-aid)	Capital funding to the Arts Council to be reduced from 2012 onwards.	<ul style="list-style-type: none"> ✓ Identifying and eliminating non-priority programmes 	€0.65m
B3, 8, and 9; Vote 33 (NGI)	National Cultural Institutions	No further cuts proposed as allocation is needed to maintain refurbishment and exhibition programmes, while maximizing the contribution to cultural tourism. NGI capital is committed fully.	<ul style="list-style-type: none"> ✓ Cultural Tourism ✓ Genealogical Tourism ✓ Irish Diaspora ✓ Philanthropy & Endowment fund 	Nil
B10	Film Board	Targeted cut, while protecting leveraging and jobs opportunity potential of film sector.	<ul style="list-style-type: none"> ✓ Enterprise Sector ✓ High end graduate jobs ✓ Export potential 	€2.0m

Heritage

Subhead	Area/Agency	Comment	Programme for Government reference	Proposed reduction
C1	Heritage Council	Savings from efficiencies, etc, while maintaining support for Ireland's stock of heritage properties	<ul style="list-style-type: none"> ✓ Cultural Tourism 	€0.15m
C2	Built Heritage	Savings from efficiencies, etc, while maintaining investment in capital support (delivered through the OPW) in key State heritage and tourist sites.	<ul style="list-style-type: none"> ✓ Cultural Tourism 	€0.125m
C3	Natural Heritage (NPWS)	<p>While expenditure on turf cutting programmes must be maintained to meet EU requirements, some savings can be achieved across the sector.</p> <p>Tourist-related investment in National Parks also to be maintained. Some efficiencies</p>	<ul style="list-style-type: none"> ✓ Cultural Tourism ✓ Implementation of EU Directives 	€0.5m

		possible across sector.		€0.25m
--	--	-------------------------	--	--------

Gaeltacht and the Islands

Subhead	Area/Agency	Comment	Programme for Government reference	Proposed reduction
D1	Gaeltacht Support Schemes	[REDACTED]	✓ Support for 20-Year Strategy for Irish	€0.6m
D2	Irish Language Support Schemes	Maintain modest level of capital expenditure for very limited number of key projects, in line with 20-Year Strategy for Irish.	✓ Support for 20-Year Strategy for Irish	Nil
D7	Údarás na Gaeltachta	Exchequer funding for the Údarás capital programme has reduced from €1.65m in 2009 to €m in 2011. Further reductions would prevent it from delivering a credible level of enterprise activity, in line with the recent Government Decision. A key objective is to support/maintain the 7,000 existing jobs in Údarás client companies.	<ul style="list-style-type: none"> ✓ Support for 20-Year Strategy for Irish ✓ Enterprise Sector - job creation in Gaeltacht 	Nil
D8	Islands	Capital programme to end when existing commitments discharged. However, some level of future capital provision necessary, [REDACTED]	✓ Niche Tourism	€2.7m

North-South Co-operation

Subhead	Area/Agency	Comment	Programme for Government reference	Proposed reduction
E2	Waterways Ireland	Expenditure reduced by 45% in recent years and no scope for further reductions, given existing commitments and ongoing capital maintenance	<ul style="list-style-type: none"> ✓ North-South co-operation ✓ Tourism Development 	Nil

		requirements.		
--	--	---------------	--	--

The total level of adjustment in capital provision proposed above for 2012 is €6.975m, or 11.5% of the capital funding available to the Department in 2011. The overall impact of the proposed reductions would be to:

- ensure that the Department reduces its projected 2012 capital expenditure to €3.84m, a level below that set out in the 2013 indicative envelope;
- demonstrate that the Department is on track to comply with the adjustments set out in the indicative Capital Envelope for the period to 2014 and beyond; and
- deliver a capital programme consistent with the Programme for Government.

1.11 Priorities in the event of a reduction to 70% of present capital allocations

The Department would face a huge challenge in discharging its core responsibilities in the event of an additional reduction of up to 30% to the amounts set out in the Capital Envelope, particularly given the major reductions already imposed across its sectoral areas - some 73% since 2008. However, in order to comply with the requirements set out by the Department of Public Expenditure and Reform in relation to the Review of Capital Expenditure, the Department has also identified the priority areas it would select for funding in such a scenario.

In determining such prioritised areas of capital expenditure, the Department has had regard to:

- the need to maintain front line services;
- the potential contribution of programmes/projects to sustaining and/or growing employment;
- consistency with the Programme for Government;
- compliance with EU Directives and the absolute necessity to avoid financial penalties;
- consistency with recent Government decisions on the enterprise role of Údarás na Gaeltachta; and
- the contribution that programmes make to North-South Co-operation.

Having regard to the above factors, were such an adjustment to capital funding to be applied, priorities would include:

- Maintaining basic levels of capital supports for National Cultural Institutions and National Parks in order that they can continue to play a critical role in attracting visitors to Ireland and supporting employment in the cultural tourism sector.
- Maintaining sufficient capital expenditure to support compliance with EU Directives, against a background of adverse ECJ judgments in a number of cases. Failure to sufficiently fund this area will likely lead to significant fines, Court directions to carry out necessary work in any case, and serious reputational damage.

- Funding to the Irish Film Board, while reduced, to remain the Department's largest capital outlay having regard to the measurable contribution made by its programmes to supporting employment, with of the order of 7,000 employed in the production of audiovisual content, and enhancing Ireland's reputation globally.
- Maintaining sufficient support for Waterways Ireland, the largest of the North/South Implementation Bodies, to deliver on the shared objective of improving the attractiveness of the waterways for recreational tourism, North and South.
- Retaining sufficient capital funding for Údarás na Gaeltachta to enable it to deliver a credible level of enterprise activity, while supporting/maintaining some 7,000 existing jobs in Údarás client companies.

Implementing this limited agenda with capital funding at a level of 70% of existing allocations would constitute a real challenge in light of the scale of reductions that have already occurred and the unavoidable demands that present in respect of a number of areas. The table below sets out the proposed priority allocations were the Department's Capital Envelope to be reduced to the 70% level.

Sectoral area	Existing allocation 2011	Indicative allocation if 30% reduction applied across Vote Group
Arts	€000	€000
Cultural Institutions (including National Gallery)	6,900	4,000
Cultural Infrastructure	7,800	4,000
Arts Council	850	200
Film Board	16,000	13,000
Total	31,550	21,200
Heritage		
Heritage Council	3,000	2,000
Built Heritage	2,005	1,000
NPWS	5,534	4,000
Total	10,539	7,000
Gaeltacht & Islands		
Údarás na Gaeltachta	6,000	6,000
Other Gaeltacht/Gaeilge Schemes	2,600	2,000
Islands	3,700	1,000
Total	12,300	9,000
North South		

Waterways Ireland	6,000	5,000
Total	6,000	5,000
Total all subheads	60,389	42,200

1.12 Programmes/projects to be prioritised if the full capital envelope is retained

Were the capital envelope for the period of the review not to be reduced to 70% of existing proposed levels, the Department would continue to be guided by the principles set out in paragraph 1.11 as to how the balance of the funding could be applied.

Priority areas for investment in this eventuality would include the following:

- Supporting higher levels of investment and job creation activity by the Irish Film Board, including the targeting of two high profile international television series and two major feature films.
- Addressing essential maintenance/restoration needs of the historic buildings housing the national collections (such as the works at the National Gallery), as well as serious health & safety and storage issues (such as at the National Library).
- Enabling new investment in the digitization of Census records at the National Archives, with a particular focus on the 1926 Census records to enhance genealogical tourism.
- Maintaining sufficient levels of scientific support to comply with EU Directives and ECJ judgments (although at this level the Department would still be unable to provide sufficient resources to allow for a speedier re-opening of the aquaculture licensing system, in partnership with D/AFF and the Marine Institute, with consequent impacts on job creation).
- Maintaining basic levels of funding for necessary restoration work to the State's key heritage structures, so as to support Ireland's tourism attractiveness.
- Targeting investment in capital works in National Parks, including Health and Safety works and key tourism projects (such as the restoration of Killarney House, which is also supported by Fáilte Ireland).

1.13 Conclusion

The State provides a moderate but necessary level of capital support to

- sustain the arts, including the film and television sector, and our cultural institutions;
- protect our natural and built heritage, especially so as to address EU compliance requirements;
- support employment in the Gaeltacht; and
- support North-South Co-operation in the waterways sector.

The level of public capital funding applied to these sectors has been reduced by 73% in recent years in light of the very serious fiscal challenges facing the country. Much of this expenditure is of strategic importance in sustaining and growing cultural tourism and is making a vital contribution to economic recovery and enhancing our national reputation. Again, it must be emphasised that, given the major reductions already imposed on the Department's sectoral areas - some 73% since 2008 (down from €224m to €60m) - a further cut of 30% at this time would mean an 81% reduction in capital funding for these areas over the period from 2012 and would compromise the potential of these sectors to continue to contribute to further economic growth and growth in employment.

2. Arts and Culture (Subhead B)

2.1 Overall allocation

The 2011 capital allocation for Arts and Culture Programmes is €31.55m as follows:

- National Archives (B.2) €0.4m
- IMMA, Chester Beatty Library,
National Concert Hall, Crawford Gallery (B.3) €1.5m
- Cultural Infrastructure and Development (B.5) €7.8m
- Arts Council (B.7) €0.85m
- National Museum (B.8) €2.0m
- National Library (B.9) €1.0m
- Irish Film Board (B.10) €16.0m
- National Gallery (Vote 33) €2.0m

Arts and Culture Capital Allocations 2008-2011

ARTS/CULTURE - CAPITAL EXPENDITURE 2008-2011						
Subhead		2008 REV	2009 REV	2010 REV	2011 REV	% change 2011 over 2008
		€'000	€'000	€'000	€'000	€'000
B2	National Archives	350	306	400	400	14%
B3	IMMA, CBL,NCH, Crawford	3,150	1,680	1,500	1,500	-52%
B5	Cultural Infrastructure & Development	40,100	19,300	16,000	7,800	-81%
B7	Arts Council	5,000	1,000	500	850	-83%
B8	National Museum	4,630	1,524	2,000	2,000	-57%
B9	National Library	2,250	1,500	1,500	1,000	-56%
B10	Irish Film Board	20,000	17,317	16,500	16,000	-20%
V33	National Gallery	3,000	2,000	2,000	2,000	-33%
Total Arts/Culture		78,480	44,627	40,400	31,550	-60%

2.2 High Level Objective

To enhance access to and to recognise the social and economic role of the culture, arts and film sectors in Ireland by promoting and encouraging cultural awareness, artistic expression and participation through an appropriate policy, legislative and resource framework.

2.3 Consistency with Programme for Government

The Arts and Culture Capital Investment Programme is consistent with the Programme for Government, both from an Arts and Culture and from a Tourism perspective. Relevant extracts from the Programme are set out below.

Tourism – Extract from Programme for Government

We will target available resources at developing and co-coordinating niche tourism products and activity packages that are attractive to international visitors focusing on food, sports, **culture**, ecotourism, activity breaks, water-based recreation and **festivals**. Event tourism will be prioritised to continue to bring major fairs and events to Ireland...

Arts & Culture – Extract from Programme for Government

Arts, Culture and Sport

We will make strategic policy formulation the primary function of the Department, with line agencies and bodies responsible for policy implementation.

We will encourage the Arts Council to continue to dedicate resources to touring in order to protect the State's investment in regional Arts infrastructure around the country and to bring cultural tourism opportunities to towns and villages across the country.

We will work with stakeholders in the Arts community to develop new proposals aimed at building **private support** of the Arts in Ireland exploring philanthropic, sponsorship or endowment fund opportunities.

We will make the Culture Night Initiative a twice yearly event, and introduce a National Lottery Funding Anniversary Day, whereby all facilities which have received funding from the National Lottery will open their doors to the public free of charge. We will also review the **opening times** of our national cultural institutions.

We will develop a cultural plan for future **commemorative events** such as the Centenary of the Easter Rising in 2016.

We will promote **genealogical tourism** by updating the National Cultural Institutions Act in relation to the **Genealogical Office** to put it on a proper statutory footing, modernize its operations and to enable publication of the **1926 census** to stimulate genealogy tourism.

We will also explore **philanthropic opportunities** for the development of a **national archives and genealogy quarter**, providing easy access to archives and tapping into an area of **cultural tourism** which is of huge interest to the vast **Irish Diaspora**. We will encourage greater co-operation between local authorities to provide assistance where possible for local authorities currently lacking a local authority Arts officer due to recruitment restrictions and to co-operate in developing **cultural tourism** opportunities.

We will seek to capture some public good from NAMA by identifying buildings that have no commercial potential, and which might be suitable as local facilities for art and culture.

Responsibility for policy-making will revert to the Department, while agencies will be accountable for implementing policy, assessing outcomes and value for money.

2.4 Contribution to Economic Recovery

2.4.1 Overall context

The Programme for Government highlights the role that Arts and Culture play in attracting tourists to Ireland. It has been long recognised that Ireland's unique culture is most attractive to visitors and is a major selling point in bringing people here, particularly those of the Irish Diaspora in the United States, the UK and a range of other countries. In branding terms, Irish culture has a number of significant strengths, including its uniqueness, its reach through the Diaspora and its global profile of excellence.

A report by the Ireland Funds, *“The Global Irish Making a Difference Together: a comparative review of international Diaspora strategies”*, commented that:

“Culture is the great ‘Gateway to Ireland’, has a powerful role to play in connecting with the global Irish and should be part of all our strategies. Our culture provides us with a significant competitive advantage.”

2.4.2 Economic value of the sector

A study by DKM Economic Consultants for the then Department of Arts, Sport and Tourism summarised the economic importance of the arts, culture and creative sectors for Ireland, in terms of contribution to GNP, employment and Exchequer revenues. The study indicated that:

- Taking into account economic multipliers, the value added dependent on the arts, culture and creative sectors in 2008 was €1.8 billion, or 7.6% of total GNP.
- Employment dependent on the arts, culture and creative sectors combined in 2008 was 170,000 or 8.7% of total employment in the economy.

- In relation to cultural tourism, which is a key element of Ireland's tourism industry, it indicated that some 3.53 million overseas visitors engaged in cultural/historical visits while in Ireland in 2008 (43% of total visitors), spending €2.3 billion, which was equivalent to 56% of total overseas visitor spend in Ireland. A total of €3.03 billion or 2% of GNP is at least partly dependent on overseas cultural tourism. Domestic cultural tourism would add significantly to this.
- A total of 73,000 jobs are dependent on cultural tourism, 3.4% of the total workforce. There is a very significant showcase impact from Irish culture, which raises the profile of the country and has a substantial economic benefit, most directly on tourism.
- Total Exchequer expenditure on the arts, culture and creative sectors in 2011 is €150m. The 2008 equivalent was €220m. Of this the capital allocation for 2011 is €31m. The 2008 equivalent was €79m. Against this, direct Exchequer revenue from the arts, culture and creative sectors in 2008 was approximately €1 billion.

With regard to our national cultural institutions, the economic benefits that can accrue from their collections of are not simply limited to tourism. The vast store of literary, visual, documentary, three-dimensional objects and photographic material are veritable treasure troves of content for industry sectors such as film, design, publications and computer gaming. In addition, it has been shown that high-end multi-national companies find it more attractive to locate in countries with a vibrant arts and culture scene and also find it easier to recruit senior managerial and specialist staff to such a cultural environment.

2.4.3 The Smart Economy

In terms of the Arts/ Culture/Creative sector and the Smart Economy, it should be noted that:

- The European Commission has ranked Ireland 13th out of 29 European countries in terms of turnover in creative industries.
- The growth rate of the creative sector in Ireland has been well above the European average, indicating the importance of creative industries for overall Irish economic performance.
- The new enterprise model for the Irish economy recognises the vital importance of the arts, culture and creative sectors, and places strong emphasis on creativity, the accumulation of knowledge, and the development of ideas and designs as well as the application of technology.
- The combined arts, culture and creative sectors is globally one of the fastest growing, representing 7% of global GDP and growing at 10% per annum.
- Likewise, cultural tourism is expected to experience growth of 15% per annum.
- This compares with expected growth in the overall global economy in the next decade of 4.3%; growth in the culture-related sectors is expected to be two to three times the average for the overall economy.

- The culture-related sectors will be one of the key growth areas, which Ireland must tap into for economic and employment opportunities over the next decade if it is to recover from the current severe economic circumstances.

Furthermore, on a global scale, the culture-related sectors are expected to be a significantly greater part of the international economy in the future, and Ireland must continue to make its presence felt in these sectors if the overall economy is to be a competitive leader in the future.

A crucial part of repositioning the Irish economy in the future will be the leveraging of Ireland's cultural and creative resources as part of the development of a robust economic base in part rooted in the cultural and creative industries. This is very clear from the Farmleigh engagement and our National Cultural Institutions are key stakeholders in the process: through their collections, staffing and contribution to knowledge, they are essential building blocks of the cultural identity and creativity of Ireland and the future success of the knowledge economy.

2.4.4 Cultural Tourism

Cultural Tourism is a key element of the Irish tourism product. Culture is cited by the majority of visitors to Ireland as a key motivator in choosing Ireland as a destination. The World Tourist Organization⁵ claims that Cultural Tourism represents between 35-40% of all tourism world-wide, and that it is growing at 15% per annum – three times the rate of growth of general tourism. A 2006 EU study on The Economy of Culture in Europe showed that in 2003 the contribution of the cultural and creative sectors represented 2.6% of Europe GDP and that the growth of the sector was 12.3% higher than the growth of the overall economy in the period 1999 to 2003. In Ireland the contribution was put at 1.7% of GDP in 2003.

A report on cultural tourism by Fáilte Ireland indicates that cultural tourists to Ireland are economically attractive, with income levels in advance of the average for the broader population. Cultural tourists demonstrate higher than average spending while on holiday. Fáilte Ireland has estimated that in 2009, 3.3 million visitors to Ireland engaged in what can be described as heritage/culture tourism and spent an estimated €1.9 billion while in Ireland⁶.

The National Cultural Institutions play a very significant part in Ireland's cultural tourism product. In 2010 there were 3.5 million visitors to the cultural institutions directly supported by the Department. The regional museums, galleries and cultural centres, which are also supported by the Department, have an equally important role in promoting tourism at a regional and local level.

⁵ *Cultural Tourism: Making It Work For You – A New Strategy for Cultural Tourism in Ireland (Fáilte Ireland)*

⁶ *Cultural Activity Product Usage Among Overseas Visitors in 2009 (Fáilte Ireland)*

Notwithstanding the direct benefits that accrue to the country by way of cultural tourism, the country's cultural institutions also play a very significant role in defining and improving the cultural profile of the country abroad. Culture and the arts make a crucial contribution to the collective national effort to restore and promote the country's international image. This is also an important consideration by multi-national firms in deciding where to locate.

2.5 Savings Options

National Archives (B.2) €0.4m

The allocation under this subhead is committed for essential works to secure the principal building in which the National Archives are housed. No savings proposed.

IMMA, Chester Beatty Library, National Concert Hall, Crawford Gallery (B.3) €1.5m

The allocation under this heading is for ongoing capital investment, including in exhibitions, conservation, preservation, storage, building maintenance, and routine equipment upgrade at four national cultural institutions. No reductions are proposed as the investment here is at a critically low level.

Cultural Infrastructure and Development (B.5) €7.8m

The Programme for Government contains a commitment that the Government will "*work with stakeholders in the Arts community to develop new proposals aimed at building private support of the Arts in Ireland exploring philanthropic, sponsorship or endowment fund opportunities*". If the institutions are to attract philanthropic donations a programme of a certain calibre is essential in order to maintain the positive profile necessary to attract private funding of this nature.

The purpose of the B5 subhead is to support the further development of arts and culture, in particular the provision of funding for cultural infrastructure. Traditionally, funding under B5 capital is provided for six generic streams of cultural capital investment, namely:

- Regional arts infrastructure projects approved under various rounds of the Access scheme;
- National Cultural Institutions' project specific non-routine investment;
- Non-national culture institutions' project specific investment;
- Other large capital projects approved from time to time (such notably as the Wexford Theatre Royal, the Abbey Theatre PPP and auditorium reconfiguration, the Comhaltas Regional Capital Development Programme and the Gaiety Theatre).

- Annual Capital funding for the Abbey Theatre; and
- Capital programmes and projects previously administered by the Arts Council.

In addition, under B5, the Department in conjunction with the Arts Council has developed a set of tools to improve the marketing of the arts and culture sector. The purpose of the initiative is to address some of the marketing difficulties faced by Arts & Culture organisations to in attracting, maintaining and increasing audiences. There are three elements to the culture marketing project:

1. Digital Arts Marketing Training Materials;
2. the Culturefox App; and
3. an on-line ticketing system

The Culturefox App, the new Irish cultural events guide that allows arts and culture organisations across the country to profile their events on one integrated platform, is a key element of this initiative. The guide is an accessible one-stop-shop for all the festivals, exhibitions, museums and arts events happening in an area. It can be downloaded as a mobile phone app or used online (<http://www.culturefox.ie>) with clear benefits for domestic tourism and, critically, overseas visitors with an interest in cultural tourism who are increasingly used to accessing information in these forms.

The app version of Culturefox uses location-aware technology to provide an instant map for what is on nearby and allows arts and culture organisations to include everything that potential audience members need to know about an event. By 1 June 2011, over 500 venues and 1,000 festivals and events have been uploaded to Culturefox which carries fee-paying events as well as free State provided services such as the National Cultural Institutions.

As a starting point in any review of this Subhead it has to be stressed that the 2011 allocation was 50% less than the 2010 allocation and was, in turn, 20% of the 2008 allocation. Commitments at the end of 2010 amounted to over €31m. [REDACTED]

Because of the reduction on allocation under this subhead a number of construction projects that are ready to commence have to be held back until 2012 at the earliest. These construction projects are "shovel ready" and labour intensive, will create jobs in the creative industries, improve our tourism product in the culture tourism sector and will be carried out throughout the State by local contractors.

In summary, as mentioned previously, following on from a 50% reduction between 2010 and 2011, any further reduction in allocation for 2012 and following years could not be justified, particularly as the expenditure is facilitating a number of important Government targets for job protection and tourism development.

National Museum (B.8) €2.0m and National Library (B.9) €1.0m

The priority in relation to the National Cultural Institutions is to keep venues open and to maintain – as far as possible – front of house services to the public so as to ensure that what the National Cultural Institutions offer continues to draw large numbers of people, including overseas and domestic visitors. The Global Economic Forum at Farmleigh identified Ireland's culture and our cultural expertise as one very significant sector for immediate exploitation and development with the Irish Diaspora and in the Far East and South Asia. There is a clear danger that any further reduction in capital funding for the national cultural institutions will not only frustrate giving effect to the Farmleigh ideas but will likely reduce the level of service delivered to the public by these institutions. The capital investment in our cultural institutions in 2011 is €1.85 per visitor. Decreasing expenditure below that threshold is not sustainable.

The capital allocations at present to the National Cultural Institutions is just about sufficient to meet unavoidable ongoing commitments in the context of the preservation and conservation of the national collection and inventory management requirements stemming from C&AG reports, and undertaking inescapable refurbishment of the historic wings of the National Gallery. Any further reductions would foreclose utterly any new exhibition programmes and would also close off all acquisition activities and would ultimately lead to a scaling down in operations and possibly to reduced access for the public. The refurbishment of the NGI historic wings could not be completed, nor could appropriate commemorative initiatives be undertaken for the decade of centenaries.

Arts Council (B7) €0.85m

The capital allocation to the Arts Council provides for:

- €200,000 for the Council's own capital needs such as IT and Office equipment.
- €50,000 for an innovation pilot scheme whereby the Council provides support for organisations to develop their capacity to raise income from philanthropic and sponsorship. In return, organisations requirements from the Arts Council's by way of grants will reduce over a 5-year period.

Consistent with the objective of providing capital support for arts and culture directly from the Department, this funding could be reduced by €0.65m from 2012 onwards while the Arts Council would retain €200,000 capital funding per year for the Council's own capital needs.

Irish Film Board (B10) €16.0m

The capital allocation to the Irish Film Board (IFB) is mainly for the provision of development (some 150 projects annually) and production loans to the independent film and television production sector. The balance of the capital funding available to the IFB is spent

on training programmes for the film industry delivered by Screen Training Ireland (about 500 participants each year), payments to European Organisations, industry guilds and film market support.

The Irish Film Board has significant capacity to help drive economic growth by:

- providing high quality local employment;
- increasing inward investment;
- promoting ‘Brand Ireland’ and contributing to Cultural Tourism initiatives;
- improving our export capacity (both culturally and financially); and
- increasing access to Irish films for the Irish public.

The film/screen industries have economic, cultural and strategic value:

- As the digital revolution grows and becomes more relevant, the film/screen industry becomes even more important and relevant as a key enabler of the growing digital media sector – estimated to be valued at \$1.7 trillion by 2013;
- Two recent government reports: ‘Building Ireland’s Smart Economy’ (December 2008), and ‘Making the Smart Economy Real’ (July 2009) identify the role of the creative industries as primary contributors to the knowledge/smart economy;
- The film/screen industry provides high quality, high value employment for young Irish talented individuals; The Irish Audiovisual Content Production Sector Review published in December 2008 on behalf of the Irish Film Board indicated that:
 - the value of the audiovisual content production sector in Ireland is €557.3m. per annum or .3% of GDP;
 - The sector employs over 6,500 individuals, 85% in the independent sector and 15% in broadcasting;
 - An estimated 567 companies operate within the sector;
 - It is a relatively young industry with over 90% of those in it under fifty;
 - The film and T.V. production sector is the mainstay of the industry;
 - 59% of those working in the sector have achieved a Degree, Master/Postgraduate Degree or Doctoral/Post-Doctoral Degree.
- Film / screen content has significant international reach through many platforms and longevity that can contribute to Ireland’s international image;
- In 2008, 18% of tourists cited film as a reason for visiting Ireland. This trend has increased from 10% in 2002 and continues to increase year on year;
- Over the last 15 years there has been considerable success and growth in the film industry as a result of Government policy. The industry has grown in terms of value and employment reflecting the positive aspects of Government policy. Accolades include every major award in the industry including the Academy Awards (‘Once’, ‘Six Shooter’), the Palme d’Or in Cannes (‘The Wind that Shakes the Barley’), the Golden Bear at the Berlinale (‘Bloody Sunday’) and the Golden Lion in Venice (‘The Magdelene Sisters’); and

- Film and Television production combines many aspects which contribute to ‘Brand Ireland’, the story, the place, the talent and the music and significantly it creates de facto ‘cultural ambassadors’ who represent an Irish identity internationally.

While all of the above are important Government targets for job retention and creation, a reduction of €2million in capital funding under B.10 would make a meaningful contribution to a reduction in the Department's overall capital programme while allowing the IFB capacity to maintain and grow this important "smart" industry.

National Gallery (Vote 33) €2.0m

The NGI's capital allocation is relatively small and is aimed at conservation and acquisitions. The Department sees no scope for any savings in this allocation as it is committed to the refurbishment of the Historic Wings.

3. Heritage (Subhead C)

3.1 Overall allocation

The 2011 capital allocation for Heritage Programmes is €10.539m as follows:

- Grant for Heritage Council (C.1) €3.0m
- Built Heritage Capital (C.2) €1.9m
- Built Heritage National Monuments Service (C.2) €0.105m
- Natural Heritage (C.3) €5.534m

Heritage Capital Allocations 2008-2011

HERITAGE - CAPITAL EXPENDITURE 2008-2011						
Subhead		2008 REV	2009 REV	2010 REV	2011 REV	% change 2011 over 2008
		€'000	€'000	€'000	€'000	€'000
C1	Heritage Council	7,874	5,000	4,500	3,000	-62%
C2	Built Heritage	24,997	12,500	11,500	2,005	-92%
C3	Natural Heritage	24,000	14,000	14,200	5,534	-77%
C4	Irish Heritage Trust	5,000	0	0	0	0%
Total Heritage		61,871	31,500	30,200	10,539	-83%

3.2 High Level Objective

The effective protection and conservation of Ireland's built and natural heritage resources for the appreciation and enjoyment of present and future generations while contributing to employment in the sustainable tourism, re-use/retro-fit, construction and heritage sectors.

To meet Ireland's obligations of the EU Birds and Habitats Directives and put in place compensatory measures for those persons who have been affected by the requirement to cease cutting turf.

3.3 Consistency with Programme for Government

Cultural tourism is one of the most important elements of Ireland's tourism product, as identified in the Programme for Government. Our built and natural heritage is a key tourism attraction. The protection and enhancement of our heritage can play a major role in increasing Ireland's attractiveness as a tourism destination and in advancing national economic recovery.

In addition, under the section *Ireland In Europe*, the Programme for Government commits to accelerating implementation of EU directives. Continued Exchequer investment in nature conservation is needed to help meet Ireland's considerable EU and other international obligations.

3.4 Contribution to Economic Recovery

3.4.1 Cultural Tourism

Heritage properties, including those in State care, generate revenue for Ireland through cultural tourism and also help create downstream job opportunities such as in the retail, catering and accommodation sectors. In 2009, tourism expenditure in Ireland amounted to €3.3 billion and directly contributed €3.6 billion in added value to the Irish economy. Figures show that over 2.5 million people visited houses or castles whilst 2.1 million tourists, domestic and international, visited monuments in 2009⁷.

Ireland's current and future World Heritage Sites have the potential to significantly enhance the tourism return from Ireland's heritage. For the period 2008-2010, figures available from the OPW show that there were over 1.73 million visitors to 13 heritage properties in State care alone, which received funding under the Department's Built Heritage Capital Programme.

As demonstrated by the recent State visits of Queen Elizabeth II and President Barack Obama, heritage properties in State care such as the Rock of Cashel, Dublin Castle and the Phoenix Park play an important role in showcasing our heritage, culture and national uniqueness. The EU Presidency, which will come to Ireland in 2013, will provide another important opportunity to showcase Ireland's heritage properties.

The natural heritage can also enhance the country's image as a location for potential investors and specifically through the generation of tourism. While our national parks have

⁷ Fáilte Ireland, Research and Statistics, <http://www.failteireland.ie/Research-Statistics>

traditionally been managed largely for conservation and educational purposes, the tourism dimension of national parks has been recognized more recently. This has been borne out in Fáilte Ireland survey work and indeed sites such as Glendalough, The Burren National and Killarney National Parks feature prominently in Fáilte Ireland's publicity campaigns to attract international visitors.

Investment in the conservation of our natural heritage has the dual benefits of preserving our natural environment for future generations, while also improving the local and national economy through the generation and expansion of responsible tourism.

It is generally accepted that our heritage sites, both natural and built, play an important role, both in attracting overseas tourists and as a destination for domestic holidaymakers. They are 'core assets' that will play a very important role in stimulating a much-needed resurgence in the tourism industry. In its Tourism Product Development Strategy 2007-2013, Fáilte Ireland identified heritage as a key theme in Ireland's tourism product offering. A range of interventions were identified - including making the most of our historic towns, our National Parks and Reserves, and improving access to our cultural heritage, including our World Heritage Sites.

The World Tourism Organisation⁸ has estimated that cultural tourism, (traditional culture, living culture and natural and built heritage), represents between 35% and 40% of all tourism worldwide – and is estimated to be growing. Cultural tourists are known to be demographically diverse, having income levels higher than the average, with a bias towards individuals in professional or managerial positions and demonstrating higher-than-average spending while on holiday.

Independent research into the possible tourism impact of a Northern Ireland national park was commissioned by the Northern Ireland Tourist Board and Mourne Heritage Trust in 2006 (carried out by Colin Buchanan & Partners - 2006). The study indicates that, ten years on from designation, a park could be generating as much as an additional £81m per annum in tourism revenue and supporting an extra 4,700 jobs in the park area and surrounding district. As a further example of potential impact, visitor numbers in the French Regional Nature Park in Brenne increased dramatically from 5,000 in 1991 to 78,000 in 2004 following designation in 1989.

'Getting Customers to choose Ireland and come here' is one of the identified aims of the Tourism Renewal Group. It is clear from that Group's report, and other Fáilte Ireland publications and research, that the image of Ireland as 'green' with scenic landscapes and a rich cultural history is an important element in achieving that aim.

3.4.2 Economic & Employment impacts

⁸ *Cultural Tourism: Making It Work For You – A New Strategy for Cultural Tourism in Ireland (Fáilte Ireland)*

Investment in the safeguarding of our significant built heritage is important to national economic recovery. Funding provided for conservation works creates employment opportunities, both directly and indirectly. Conservation work is labour intensive by its nature and tends to benefit local employment in the conservation and construction sectors as well as local businesses such as hardware and builders suppliers, with much of the materials required for the work sourced locally. Conservation works are generally subject to VAT, whilst those employed on such works and ancillary services pay PRSI and PAYE, thus contributing to the Exchequer. Traditional skills and specialised craftsmanship are maintained through the conservation projects funded by grant schemes. These specialised traditional skills will be lost through the reduction in conservation projects arising from the lack of State funding support. In tandem with the re-use and maintenance sector, there is a required drive to improve the energy efficiency of historic buildings with a focus on appropriate retrofit and re-use skills, estimated to be an industry of over €2 billion a year.

Experience has shown that the State investment in built heritage conservation is augmented by the building owners, resulting in an increased economic benefit. Data compiled by 8 local authorities in respect of funding provided under the Local Authority Conservation Grants Scheme estimates that there is a multiplier spend on conservation works of 4 times the grant allocation.

The Department provided over €3.2 million in funding from 2008 to 2010 under the Built Heritage Capital Programme for conservation works to Walled Towns in Ireland. A study, undertaken by the Heritage Council in 2008, has shown that Walled Towns conservation projects and associated events can bring significant economic benefit to the towns involved. The report estimates the contribution of Youghal's Walled Towns Day to the local economy as €480,000. On average 12 Walled Towns Day events are held annually in Ireland.

The Department has also provided funding of approximately €1.2 million from 2008 to 2011 for the operation by OPW of an apprenticeship scheme, which is aimed at building up a skills base in traditional building conservation. This scheme has assisted apprentices in obtaining essential employment skills, helped retain traditional skills and reduced the numbers on the live register.

The use and re-use of the built heritage facilitates heritage-led regeneration, sustainable development and the promotion of a sustainable construction strategy within Ireland. The re-use of buildings minimises the depletion of non-renewable resources and has greater value for the environment and cost savings over the future life of the buildings. The Built Heritage Capital Programme Investment contributes to this process through funding for conservation projects in the State, private and civic sectors.

With regard to National Parks and Nature Reserves, the capital programme helps create sustainable employment through the facilitation and expansion of responsible tourism. In the immediate delivery phase, the Department's capital projects programme ranges across all 6 National Parks, as well as the Nature Reserves, providing local tradesmen with the

opportunity of employment in their own locality. The works carried out are predominantly in the minor capital works class which are "more labour intensive than major new build projects" (Department of Finance *"Labour Intensity and Infrastructure Investment"* March 2009).

Apart from initial labour costs, National Parks have significant potential to support sustainable employment, both within and outside the Parks. A 2006 UK study "Prosperity and Protection" (Council for National Parks), which examined the economic impact of national parks in Yorkshire and Humber, revealed that businesses in the parks and towns nearby benefit from the quality of the protected landscapes and from park designation itself and that parks' businesses generate £1.8 billion in sales annually supporting over 34,000 jobs. A Welsh Study ("Valuing our Environment: Economic Impact of the National Parks of Wales" 2001 -2006 study) found that the 3 Welsh National Parks support nearly 12,000 jobs.

3.5 Savings Options

C1 Heritage Council - €3m capital allocation

The Kilkenny based Heritage Council plays a key role in education and heritage promotion in Ireland. The funding provided to the Council allows it to operate a range of programmes which support employment and economic activity within the heritage and tourism sectors. Programmes include the successful Heritage Officer Programme in local authorities, Heritage in Schools Programme, the archaeological Discovery Programme, the National Biodiversity Data Centre, County Heritage Plans Projects, Walled Towns Programme, Museum Standards Programme and organisation of Heritage Week. The Council uses a very small staff complement (16) to deliver an imaginative programme of activities by using a small amount of investment to leverage significant heritage and economic impact.

In 2011 the various Departmental built heritage capital supports were consolidated within the remit of the Heritage Council – save the 2 funding streams provided for in C2 below, which are more appropriate to direct Departmental provision.

Research on behalf of the Heritage Council has shown a very positive economic return on the Council's expenditure. Further research is being commissioned in this regard.

It should be noted that an addition €1.5 million of funding for the Council is now being provided by the Environment Fund. This in effect maintains capital provision at 2010 levels while current funding saw a drop of €1m from €3.9m to €2.9m.

Options for Savings

The total reductions in built heritage capital support in the past 3 years support leave Ireland's stock of heritage properties in a vulnerable position. There is little further room for

manoeuvre. However a 5% reduction in Exchequer capital could deliver €150,000 in savings.

C2 Built Heritage - €2.005m capital allocation

This provision is made up of €650,000 for owners of protected structures and €1.25m for capital works on the State's own heritage properties delivered by the OPW.

Up to €6m per annum had been provided to local authorities to operate grant schemes for these properties. The grants were small – typically in the €k to €10k range and only covered a small portion of the costs involved. However, these “seed” grants leveraged significant private sector investment which was job rich and which supported skilled tradesmen and architects. This scheme was replaced in 2011 with a *Structures at Risk Fund* which is delivered centrally at only 10% of earlier funding provision.

The €1.25m in capital support delivered through the OPW is for investment in key State heritage and tourist sites such as the Rock of Cashel, the Botanic Gardens, Boyle Abbey etc. This is down from over €4.3 million in 2010. The State is now seriously underfunding investment in its own heritage infrastructure and a key element in Ireland's tourism attraction – witness Queen Elizabeth's visit to Cashel.

Options for Savings

Total built heritage provision delivered directly by the Department is down from €25million in 2008 to €2.005m now. The Heritage Council was asked to fill a small element of this gap in 2011 on its capital budget which remained at 2010 levels – see above. It should be noted however, that Fáilte Ireland has increased investment in heritage properties in recent years in line with national tourism and economic policy. The cuts in the Department's provision represent a disconnect in the national approach to built heritage investment.

The funding of the State's heritage portfolio has not been served by being based on an annual grant from the Department to the OPW. This system does not offer an effective governance model. While both bodies work closely together a more programmatic approach in the future would ensure that investment can be planned and prioritised. Dialogue should be initiated on this issue with the OPW to make an economic case for funding in this area and to refocus funding policy in a more strategic fashion to fit in with the objectives of economic renewal. This could be done in consultation with the Heritage Council and Fáilte Ireland (who are now major funders of heritage investment in the State).

If required a 10% reduction could be applied to the funding for the State's own properties delivering a saving of €125,000. However, there is would be a further negative economic and employment impact involved in withdrawing support from this key investment.

The minimal provision for the owners of protected structures (€50,000) could put the State at legal risk in terms of the imposition which it imposes on the owners of these structures. No further reduction in this funding should be contemplated.

C3 National Parks and Wildlife Service (Scientific Support - €2.5 million capital)

Funding in this area is focused almost entirely on ensuring compliance with EU Directives. As with the Farm Plan expenditure, we are operating against a background of adverse ECJ judgments in a number of cases. Failure to fund this area would lead to fines, court directions to carry out necessary work in any case, and serious reputational damage. (It should be noted that Capital Expenditure in this area supports the development of baseline data (species and habitats data and supporting databases) which Ireland is required to report on to the EU on a regular basis.)

The reduced resources available to the Department in this area has the following impacts:

- The Department is unable to accelerate the scientific work required to allow the State to re-open aquaculture and fisheries licensing in most coastal waters. The Department works with the Department of Agriculture and other key institutions on this project. The State has been unable to issue new licences for 5 years as a result of environmental compliance failure. Speeding up this process is a commitment in the Programme for Government and the current situation is having a direct impact on employment creation potential in peripheral areas of the State.
- Additional capacity to carry out key research and deliver guidance could allow the Department to assist key economic sectors in delivering major infrastructural development while respecting key environmental and conservation law. For example in relation to the development of wind farms.
- The State has been sent a Reasoned Opinion for late transposition of the Marine Framework Strategy Directive. The Department will be unable to contribute to implementation of this Directive unless it has the personnel and financial resources to play the key role required of it in providing the basis scientific support required. This will put the State at further legal and financial risk.

[REDACTED]

Expenditure on ending Turf Cutting - €1m capital allocation

This funding is used to respond to the EU Habitats Directive requirements to end turf cutting on protected bog habitats. It comprises €2m capital in total (€1m Exchequer, €1m Environment Fund) and is used to pay for land purchase. It includes provision for outstanding claims arising from the historic cessation of commercial cutting. A number of cases have been in arbitration for a number of years. This funding line also supports the voluntary purchase scheme for individuals who wish to sell their turf plots to the State.

To ensure that the actions taken by Government are successfully implemented, it is crucial that spending is maintained in this area. However, it should be noted that there are a number of uncertainties regarding the quantum of expenditure in future years:

- There are 8 commercial compensation claims outstanding, 5 below €1m, one seeking up between €3.5m and €7m. There is in addition one claim, which is strongly contested, for €23m. The success or otherwise of these claims and the timing of them will have a significant impact on expenditure.
- There is also potential liability of €24m for claims made under the voluntary purchase scheme which has been in place since 1999. These are claims which have been submitted but have not reached contract stage due mainly to resource issues in the Chief State Solicitor's Office. Internal consideration of this scheme has shown that it offers poor value for money and that the scheme has failed to meet its environmental objectives. The previous Government in May 2010 decided to close this scheme to new applications but to accelerate completion of the 1,200 cases already submitted to the Department at an overall cost of €24m over 3 years. This decision has not been pursued in actuality as the resource issue could not be addressed.
- The situation regarding the compensation/relocation schemes introduced this year remains fluid. The costs involved in these schemes will remain subject to refinement as actual solutions are worked out in specific localities, and as the numbers entitled to compensation become clearer. Payment timing issues will also arise depending on the solutions adopted.

Options for Savings

While expenditure on the turf cutting programmes failed to meet profile in previous years, the Government decisions of April this year have brought new and more realistic schemes into being. These will require ongoing resources for future years. [REDACTED]

[REDACTED]

[REDACTED] The Department is writing to people who sought to sell their plots to see if the other solutions would suit them instead. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

4. Gaeltacht, Irish Language and Islands Programmes (Subhead D)

4.1 Overall allocation

The 2011 capital allocation for Gaeltacht, Irish Language and Islands Programmes is €12.3m as follows:

- Gaeltacht Support Schemes (D.1) €2.5m
- Irish Language Support Schemes (D.2) €0.1m
- Údarás na Gaeltachta (D.7) €6m
- Islands (D.8) €3.7m

Gaeltacht, Irish Language and Islands Capital Allocations 2008-2011

GAELTACHT- CAPITAL EXPENDITURE 2008-2011						
Subhead		2008 REV	2009 REV	2010 REV	2011 REV	% change 2011 over 2008
		€'000	€'000	€'000	€'000	€'000
D1	Gaeltacht Support Schemes	16,500	11,950	7,000	2,500	-85%
D2	Irish Language Support Schemes	1,000	600	600	100	-90%
D7	Údarás na Gaeltachta	22,500	19,650	15,000	6,000	-73%
D8	Islands	33,000	23,732	11,000	3,700	-89%
Total Gaeltacht		73,000	55,932	33,600	12,300	-83%

4.2 High Level Objective

To support and promote the implementation of the 20-Year Strategy for the Irish Language 2010–2030 and, within that framework, to support the use of Irish as a community language in the Gaeltacht.

To sustain vibrant island communities through the development of island infrastructure.

4.3 Consistency with Programme for Government

The Programme for Government contains the following commitments in relation to the Irish language and the Gaeltacht:

We will support the 20-Year Strategy for the Irish Language 2010-2030 and will deliver on the achievable goals and targets proposed.

We will undertake a thorough reform of the Irish curriculum and the way in which Irish is taught at primary and second levels of education. We will reform the curriculum so more emphasis is put on oral and aural skills. We will allocate 50% of marks to the oral Irish exam at Leaving Certificate level.

We will aim to double the proportion of Irish students sitting the Higher Level Leaving Certificate exam by 2018.

Gaeltacht regions will benefit from the jobs action plan outlined in this document. Under our proposals, we will deliver new job creation prospects to Gaeltacht regions. We will invest in energy, broadband and water infrastructure, creating the modern infrastructure needed to attract tourism and marine activities. We will continue to support the Irish language broadcasting and arts sector.

We will review the Official Languages Act to ensure expenditure on the language is best targeted towards the development of the language and that obligations are imposed appropriately in response to demand from citizens.

We will review current investment and funding programmes that benefit Irish language organisations in order to achieve visible value for money for citizens and tangible outcomes on a transparent basis.

We will take steps to improve the quality and effectiveness of the teaching of Irish at second level. When these steps have been implemented, we will consider the questions of whether Irish should be optional at Leaving Certificate.

4.4 Contribution to Economic Recovery

Údarás na Gaeltachta works to create employment, develop skills and attract investment to the Gaeltacht, consistent with the Programme for Government's commitment to deliver new job creation prospects in the Gaeltacht.

Indecon's 2011 Assessment of the Economic Impact of Údarás na Gaeltachta Client Companies indicated that Údarás client companies support 7,472 jobs in Ireland and that this figure rises to an estimated economy-wide total of 14,485 jobs, including indirect and induced impacts. The report found that the key impact of Údarás client companies is in their strong contribution to the domestic market through sourcing materials and services, in addition to employment, value added, exports and taxation impacts. Údarás client

companies spend over €421m directly in the Irish economy. The *Assessment of the Economic Impact of Gaeltacht Arts 2010* (Indecon) indicated that Gaeltacht arts are a significant economic sector, with investment by Ealaín na Gaeltachta (an Údarás subsidiary) being directly responsible for a total expenditure impact of €20m.

Other expenditure by the Department in Gaeltacht/Irish language sectors is significant for its impacts in linguistic and social terms, rather than in terms of being a direct stimulus for economic renewal. However, there are positive impacts in the area of cultural tourism. For example, some 25,000 young people attend Irish Colleges in the Gaeltacht each summer and bring significant economic benefits through their own spending, visits by parents, etc. A study of the economic benefits of the Irish language to Galway (The economic benefits associated with the Irish language which accrue to Galway City and to the Galway Gaeltacht, November 2009, Gaillimh le Gaeilge) indicated that the Irish language is worth in excess of €136m annually to the economy of Galway City and County of which approximately €9m accrues to Galway City.

The provision of funding for island infrastructural development and for lifeline access services can support economic recovery through facilitating tourism on inhabited offshore islands and supporting sustainable employment in the delivery of these services. Indeed, the islands are specifically marketed by Fáilte Ireland as a niche tourism product (www.irelandsislands.com). It is also of significance in terms of supporting infrastructural and social deficits for the population of offshore islands.

4.5 Savings Options

Gaeltacht Support Schemes (D.1) €2.5m. The Programme for Government commits to supporting the 20-Year Strategy for Irish and implementing its achievable objectives. The Strategy recognises the very difficult linguistic position in the Gaeltacht and predicts that Irish will effectively disappear as a community language within 15-20 years unless radical steps are taken.



Irish Language Support Schemes (D.2) €0.1m

The very small allocation under this subhead is already committed for works to Taibhdhearc na Gaillimhe, the national Irish language theatre, which are necessary because of extensive fire damage. No savings are envisaged.

Údarás na Gaeltachta €6.0m

[REDACTED] provides, inter alia, for maintaining the status quo in relation to Údarás na Gaeltachta, with the organisation assuming responsibility for delivery of the 20-Year Strategy for Irish within the Gaeltacht, while continuing to exercise an enterprise function. The Decision also provides for a reduction in the size of the Údarás board and dispenses with the need for future elections. The Department proposes to take a number of actions on foot of this Decision and Heads of Bill will be submitted to Government shortly to provide a legislative basis for such actions, where required. It is anticipated that most of the Department's operational programmes in the Gaeltacht will in future be implemented by Údarás.

It is proposed that the Údarás capital programme (€6m in 2011, down from €21.65m in 2009 and €18m in 2010) should be maintained at its present level, which, together with the organisation's own resources, will enable it to deliver a credible level of enterprise activity, in line with the Government Decision. A key objective will be to support/maintain some 7,000 existing jobs in Údarás client companies, as well as promoting language-based enterprise. Discussions are under way with relevant partners to clarify the mechanism that should be developed on foot of the Government Decision to provide for appropriate IDA/EI input to enterprise activities in the Gaeltacht. Accordingly, no savings are envisaged.

Islands (D.8) €3.7m

Central responsibility for Islands was transferred to this Department from the Department of the Taoiseach in the mid-90s. Apart from being the driver for the co-ordination of State policy for Islands, the Department has delivered a significant capital programme focused on landing facilities, social infrastructure and basic roads, water and sewerage developments.

It is envisaged that the capital programme will be discontinued when the existing commitments have been discharged. However, given the need for ongoing maintenance, it will be necessary to maintain some level of capital provision in the future. Savings of €2.7m on this expenditure are proposed from 2012.

[REDACTED]

[REDACTED]

[REDACTED]

5. North South Bodies (Subhead E)

5.1 Overall allocation

The 2011 capital allocation for Waterways Ireland is €6m.

Waterways Ireland Capital Allocations 2008-2011

Subhead	Subhead Ref:	2008 €000	2009 €000	2010 €000	2011 €000	% Change Capital
Waterways Ireland	G.2	11,250	8,675	7,800	6,000	-45%

5.2 High Level Objective

To maintain, develop and foster North/South co-operation and to support Waterways Ireland, the North/South Waterways Body.

5.3 Consistency with Programme for Government

Apart from its unique contribution to North/South Co-operation, Waterways Ireland contributes significantly to tourism development across the island and its operations are very much in line with commitments in the Programme for Government:

We will target available resources at developing and co-coordinating niche tourism products and activity packages that are attractive to international visitors focusing on food, sports, culture, ecotourism, activity breaks, water-based recreation and festivals. Event tourism will be prioritised to continue to bring major fairs and events to Ireland...

5.4 Contribution to Economic Recovery

The development and restoration of inland waterways is an important catalyst for the development of tourism and leisure opportunities, rural development and the protection of our heritage infrastructure. The Tourism and Recreation Sectors are one of the largest and important indigenous industries in Ireland and Northern Ireland. These sectors provide and

generate significant levels of employment and earnings and have brought economic activity to areas on the island where little or no other economic activity exists. The tourism and recreational development and investment along the waterways bring activity to the very heart of the island and the communities along the waterway corridors.

From 2000-2010 there have been 10,115 metres of new moorings built, 8,020 metres in the South and 2,095 metres in the North. There are approximately 13,000 boats on the Waterways – 8,000 in the South and 5,000 in the North. There is approximately €20m from hire boats and €60m – €80m from private boats generated each year. In 2010 over €9 million in tourism revenue was generated.

5.5 Savings Options

Waterways Ireland is the only North/South Body in receipt of capital under the remit of this Department. Its allocation was reduced from €7.8m in 2010 to €6m in 2011, a reduction of 23%. Since 2008, its allocation has been reduced by 45% in total.

The Body was established under the Good Friday Agreement. It operates under the direction of the North South Ministerial Council and its sponsor departments. Its expenditure is funded 85% from this jurisdiction and 15% from Northern Ireland. Each jurisdiction is responsible for capital expenditure within its own area.

Waterways Ireland

- has statutory responsibility for the management, maintenance, development and restoration of the inland waterways, principally for recreational purposes;
- has operational responsibility for some 1,000km of navigable waterway comprising (1) the Barrow Navigation, (2) the Erne System, (3) the Grand Canal, (4) the Lower Bann Navigation, (5) the Royal Canal, (6) the Shannon–Erne Waterway and (7) the Shannon Navigation.

In 2007, the North South Ministerial Council (NSMC) gave Waterways Ireland an additional responsibility for the reconstruction of the Ulster Canal from Upper Lough Erne to Clones and, following restoration, for its management, maintenance and development principally for recreational purposes. The then Government committed to funding the project in full, at an estimated cost of €35m. This position remains unchanged and was noted in papers presented at the recent NSMC Plenary meeting in Dublin.

The Waterways Ireland Capital Programme 2012-2016 focuses on improving the attractiveness of the waterways for tourism. The primary actions relate to the provision of visitor services, such as pump-outs, service blocks and other facilities designed to provide an attraction for tourists, including car parking and play areas.

Ulster Canal Project

The Ulster canal project initial phase is a major cross border initiative for the state. The Ulster Canal in total is 93 km long and extends from Lough Neagh to Upper Lough Erne. It runs through counties Armagh, Monaghan and Fermanagh .It was originally opened in 1841 to link the northern navigation systems to the western and southern systems via Lough Erne and the Ballinamore and Ballyconnell Canal. Due to operational and financial difficulties the canal struggled to be viable and was finally abandoned in 1931

As canal reopening progressed in the 1980s and 90's, and following the success of the reopening of the Shannon Erne Canal, a number of studies were carried out into the reopening of the Ulster Canal. The outcome of these studies was that at the North/South Ministerial Council (NSMC) Plenary meeting in July 2007, the Council agreed, in the light of the Irish Government's offer to cover the full capital costs of the project, to proceed with the restoration of the section of the Ulster Canal between Clones and Upper Lough Erne a distance of some 13km

This flagship north south co-operation project will focus on attracting boating traffic from the Erne system in Northern Ireland and the Shannon System, via the Shannon – Erne, to a new destination at Clones. It is anticipated that this will lead to regeneration of the economy of Clones and its hinterland. This project will provide employment during its construction and will lead to fuller employment in the Clones area once completed. The full capital cost is estimated to be €35m. *Waterways Ireland* is currently taking the project through the preliminary design and planning stages and then letting the contract as a design and build project. It is expected that the project will take 6 years.

6. Programmes\Projects to be Prioritised if allocations were cut to 70%

6.1 Context

The overall level of capital expenditure by the Department is now at a very moderate level, having regard to the contribution it makes to supporting economic activity across the country - most particularly in the area of cultural tourism, one of the few indigenous labour intensive sectors with significant capacity to generate economic growth, growth in exports and growth in employment and to supporting local small businesses. Further adjustments would impact significantly on the capacity of this sector to sustain its contribution to growth in tourism.

Capital expenditure in the Heritage area is critical to achieving compliance with EU Directives and avoiding censure from the European Commission and potentially the European Court of Justice, and to complying with advice from the Attorney General on financial support for owners of protected structures.

Reductions in these areas of capital expenditure have already been frontloaded in recent years, significantly reducing the scope for further savings. Over the period 2008 to 2011, there have been major reductions in the level of capital expenditure across the Arts, Heritage and Gaeltacht areas with expenditure reduced by 60% on Arts and Culture, while capital expenditure on the Heritage, Gaeltacht and Islands functions has fallen by 83%. Capital expenditure on North-South Co-operation has fallen by 45%. With these levels of reductions, there is growing concern of the system's capacity to maintain the fabric of the historic buildings housing the national collections.

Much of this expenditure is of strategic importance in sustaining and growing cultural tourism and is making a vital contribution to economic recovery and enhancing our national reputation. Beyond these vitally important considerations, expenditure in these areas helps define our cultural values, measure our respect for arts, culture, our heritage and our language, and protects these unique national assets for future generations.

6.2 Capital Envelope

The Capital envelope for the Arts, Heritage and the Gaeltacht Vote Group for 2012-2014, as advised by Department of Public Expenditure & Reform, is outlined in the table below.

	2012	2013	2014
	€m	€m	€m
AHG Vote Group	60.226	55.253	51.934

6.3 Priorities in the event of a reduction to 70% of present capital allocations

The Department would face a huge challenge in discharging its core responsibilities in the event of an additional reduction of up to 30% to the amounts set out in the Capital Envelope, particularly given the major reductions already imposed across its sectoral areas - some 73% since 2008. However, in order to comply with the requirements set out by the Department of Public Expenditure and Reform in relation to the Review of Capital Expenditure, the Department has also identified the priority areas it would select for funding in such a scenario.

In determining such prioritised areas of capital expenditure, the Department has had regard to:

- the need to maintain front line services;
- the potential contribution of programmes/projects to sustaining and/or growing employment;
- consistency with the Programme for Government;
- compliance with EU Directives and the absolute necessity to avoid financial penalties;
- consistency with recent Government decisions on the enterprise role of Údarás na Gaeltachta; and
- the contribution that programmes make to North-South Co-operation.

Having regard to the above factors, were such an adjustment to capital funding to be applied, priorities would include:

- Maintaining basic levels of capital supports for National Cultural Institutions and National Parks in order that they can continue to play a critical role in attracting visitors to Ireland and supporting employment in the cultural tourism sector.
- Maintaining sufficient capital expenditure to support compliance with EU Directives, against a background of adverse ECJ judgments in a number of cases. Failure to sufficiently fund this area will likely lead to significant fines, Court directions to carry out necessary work in any case, and serious reputational damage.
- Funding to the Irish Film Board, while reduced, to remain the Department's largest capital outlay having regard to the measurable contribution made by its programmes to supporting employment, with of the order of 7,000 employed in the production of audiovisual content, and enhancing Ireland's reputation globally.
- Maintaining sufficient support for Waterways Ireland, the largest of the North/South Implementation Bodies, to deliver on the shared objective of improving the attractiveness of the waterways for recreational tourism, North and South.
- Retaining sufficient capital funding for Údarás na Gaeltachta to enable it to deliver a credible level of enterprise activity, while supporting/maintaining some 7,000 existing jobs in Údarás client companies.

Implementing this limited agenda with capital funding at a level of 70% of existing allocations would constitute a real challenge in light of the scale of reductions that have already occurred and the unavoidable demands that present in respect of a number of areas.

The table below sets out the proposed priority allocations were the Department's Capital Envelope to be reduced to the 70% level.

Sectoral area	Existing allocation 2011	Indicative allocation if 30% reduction applied across Vote Group
Arts	€000	€000
Cultural Institutions (including National Gallery)	6,900	4,000
Cultural Infrastructure	7,800	4,000
Arts Council	850	200
Film Board	16,000	13,000
Total	31,550	21,200
Heritage		
Heritage Council	3,000	2,000
Built Heritage	2,005	1,000
NPWS	5,534	4,000
Total	10,539	7,000
Gaeltacht & Islands		
Údarás na Gaeltachta	6,000	6,000
Other Gaeltacht/Gaeilge Schemes	2,600	2,000
Islands	3,700	1,000
Total	12,300	9,000
North South		
Waterways Ireland	6,000	5,000
Total	6,000	5,000
Total all subheads	60,389	42,200

6.4 Programmes/projects to be prioritised if full capital envelope is retained

Were the capital envelope for the period of the review not to be reduced to 70% of existing proposed levels, the Department would continue to be guided by the principles set out in paragraphs 1.11 and 6.3 as to how the balance of the funding could be applied.

Priority areas for investment in this eventuality would include the following:

- Supporting higher levels of investment and job creation activity by the Irish Film Board, including the targeting of two high profile international television series and two major feature films.
- Addressing essential maintenance/restoration needs of the historic buildings housing the national collections (such as the works at the National Gallery), as well as serious health & safety and storage issues (such as at the National Library).
- Enabling new investment in the digitization of Census records at the National Archives, with a particular focus on the 1926 Census records to enhance genealogical tourism.
- Maintaining sufficient levels of scientific support to comply with EU Directives and ECJ judgments (although at this level the Department would still be unable to provide sufficient resources to allow for a speedier re-opening of the aquaculture licensing system, in partnership with D/AFF and the Marine Institute, with consequent impacts on job creation).
- Maintaining basic levels of funding for necessary restoration work to the State's key heritage structures, so as to support Ireland's tourism attractiveness.
- Targeting investment in capital works in National Parks, including Health and Safety works and key tourism projects (such as the restoration of Killarney House, which is also supported by Fáilte Ireland).

6.5 Capital Programme Post 2012

Achieving a 30% reduction over the remainder of the period of the Review would involve a further reduction of almost €3.5m in 2013 and a further €2.8m from 2014. Having regard to the level of reductions set out in the table above, to meet the 2013/2014 targets would require additional reductions to areas of expenditure playing a critical role in supporting employment, compliance with EU Directives and which are consistent with the commitments set out in the Programme for Government. Were such a level of further reductions to be applied, having regard to the serious level of reductions that have already occurred in recent years, it would have a severely negative impact on the capacity of the Department and its agencies to deliver on these core objectives.

6.6 Conclusion

The State provides a moderate but necessary level of capital support to

- sustain the arts, including the film and television sector, and our cultural institutions;

- protect our natural and built heritage, especially so as to address EU compliance requirements;
- support employment in the Gaeltacht; and
- Support North-South Co-operation in the waterways sector.

The level of public capital funding applied to these sectors has been reduced by 73% in recent years in light of the very serious fiscal challenges facing the country. Much of this expenditure is of strategic importance in sustaining and growing cultural tourism and is making a vital contribution to economic recovery and enhancing our national reputation. Again, it must be emphasised that, given the major reductions already imposed on the Department's sectoral areas - some 73% since 2008 (down from €224m to €60m) - a further cut of 30% at this time would mean an 81% reduction in capital funding for these areas over the period from 2012 and would compromise the potential of these sectors to continue to contribute to further economic growth and growth in employment.

The Department and its agencies make a clear and demonstrable contribution to economic activity across the island of Ireland but particularly in supporting growth and employment in tourism, the arts including the audio-visual sector, and in Gaeltacht areas which, without such support, would otherwise struggle to attract employment. The Department is fully committed to contributing to overall Government objectives for identifying expenditure which is not immediately necessary and which can be either deferred for a period or which is no longer necessary but is also of the clear view that the existing capital envelope represents a prudent level of investment by the State from which significant returns are generated both in terms of the economic contribution and the positive impact on our national reputation.