

Oireachtas Joint Committee on Agriculture, Food and the Marine

Opening Statement by Minister Creed

Review of Spending under Ireland's Rural Development Programme

2014 -2020

I am very pleased to meet with the Committee and to update you on a Review of Spending under the Rural Development Programme carried out by my Department. As Members are aware, there is an allocation of some €4billion under the current Programme, with €2.19bn of this coming from EU funds and the rest from the Exchequer. The programme runs up to the end of 2020 though some existing multi-annual commitments may run beyond this date as I will explain later.

The substantial investment required over the lifetime of the Programme will help to underpin continuing growth and development in rural Ireland, and forms part of the vision for Strengthened Rural Economies and Communities as contained in the Government's recently launched Project Ireland 2040.

The range of measures and supports available under the Rural Development Programme is extensive. These include advice, training, payments for public goods and support for on-farm investment, support for animal welfare, initiatives to encourage innovation, partnerships and membership of producer groups and support for local projects under LEADER. Delivering on such a diverse programme is challenging, and I am delighted to say that Ireland is performing very well in this regard.

Of all EU member states, we are second overall in terms of drawdown of EU funds to date. Our draw-down of EU funds at 53% is well above the EU average of 33% and we are one of only two member states to have passed the

50% mark. Our reputation in Europe is ‘to leave no euro behind’ and I am confident that this will continue under the current RDP.

At the outset of the Rural Development Programme, indicative allocations were included in the Financial Plan, in line with identified priorities. It is against these allocations that my Department conducted their review, using expenditure to date and best estimates of future projections to determine whether the entire budget would be spent. They found that some measures will meet their allocation, others will exceed it and still more will not spend it in full. I will start by updating on the overall budgetary situation before commenting on the main individual schemes.

It is expected that almost all of the entire €4bn allocation will be spent by the end of 2020 with some spend in 2021, However under EU regulations governing the Programme, funds for multi-annual commitments entered into by the end of 2020 may be claimed up to the end of 2023. RDP spending is of course also subject to the annual estimates process and budgetary rules. Based on current projected spending across all schemes under the Programme, **this required carryover to the next RDP to cover our commitments under our multi-annual schemes will be €105 million. In other words, we are currently committed to spending €105m over and above the €4bn allocation to the RDP. Added to this also will be a possible ANC allocation of €227 million for 2021 bringing the total carryover required to €332 million.**

Transitional funding arrangements are the norm between programming periods and an indicative figure of €637 million was included in this RDP to cover commitments from the previous one. Increasing the commitments to be funded as part of these transitional arrangements would not be the prudent thing to do in my opinion given the different circumstances which apply to the next proposed Programme, for a number of reasons. Firstly, the transitional funding

arrangements to be put in place between this Programme and the next are not yet decided at EU level. More importantly though, the recently published Multi Financial Framework Proposal to 2027 indicates a cut to the CAP budget, under the impact of Brexit and competing priorities. In light of this the introduction of new measures or entrants to current schemes is not possible at this stage.

Turning to individual schemes and supports, I will address those which have attracted the most commentary in terms of original allocation, participation and projected spending. I am, of course, open to questions on others measures within the Programme but for now will deal with these which appear to be of most interest.

I will start with **GLAS**, our highly successful agri-environment scheme which is expected to deliver significant environmental and climate friendly benefits as a result of farmer action and engagement. When the GLAS scheme was opened, it was hoped at the time that 50,000 farmers would join the Scheme and that milestone was reached sooner than expected in December, 2017. The indicative budget at that time of €1.4 billion included an amount of €390 million for legacy agri-environment schemes from the previous Rural Development Programme i.e. the REPS and AEOS schemes. This was to honour our commitments to those farmers who were participants in those schemes. The total expected combined spend for GLAS and these measures is €1.4 billion, as originally indicated and no savings are projected. As of today, over 99% of all eligible GLAS participants are fully up to date with their GLAS payments and weekly pay runs are continuing.

The **Beef Data and Genomics Programme** is an ambitious and ground-breaking approach to enhancing the sustainability credentials of our beef herd. This programme has an estimated cost of €300 million. I re-opened it in 2017 to maximise participation and I am more than satisfied that 24,600 farmers have

now joined, with the expected spend for the lifetime of the programme at €290 million.

Knowledge transfer is a key priority of this Rural Development Programme. Indicative funding of €100m was allocated in the RDP to participate in Knowledge Transfer Groups. As with all such initiatives it is demand-led and based on the current levels of uptake of 19,000 farmers the expected total spend is €69 million. I believe that the up-skilling of these farmers will be a significant achievement with on-going and positive implications for both the farmers and the sectors involved.

The Targeted Agricultural Modernisation Scheme (**TAMS**) is a grant-aided scheme which provides much needed capital investment to farming enterprises. There has been some concern that TAMS will not spend its entire allocation of €395 million, as there were savings in the annual budget in the early years. This trend has reversed and expenditure is now running at an average of over €1m a week for the last eight months. There are almost 10,000 existing approvals from my Department to farmers on which funding has to be drawn down by those approved applicants. Some of the early approvals have started to expire and the first of the three-year approvals will begin to expire later this year which means the budgetary situation will become clearer. The new 1 year approval system, introduced in January 2017 will assist with the accurate assessment of outstanding commitments. TAMS continues to open to new applicants with significant interest shown and I am working on the assumption that the entire allocation will be fully spent over the lifetime of the Scheme.

Under the Organic Farming Scheme, the allocation in the RDP Financial Plan is €56m over the lifetime of the Programme to achieve 62,000 hectares under organic production. The scheme has proven to be more popular than first expected and based on current projections, the total spend under the scheme is

expected to be €66m with approximately 72,000 hectares of land under organic production.

I have also made changes to the Rural Development Programme where the need has arisen, including the introduction of new schemes. These have also required additional expenditure. The main example of this is the **Sheep Welfare Scheme** where I added an additional €100 million in national funds to the RDP budget, with a view to accommodating all sheep farmers, should they wish to join. Based on current up-take of 20,000 applicants with 2 million ewes the total projected spend is €80 million which represents a substantial investment and commitment to the sheep sector. I have also provided €25m extra to ANC farmers this year, again from national resources.

Another programme which has attracted intense interest is the **Hen Harrier Programme**, which seeks to save one of the Ireland's most endangered birds. It and the Freshwater Pearl Mussel Scheme, which aims to protect the critically endangered freshwater pearl mussel, are two designated European Innovation Partnership projects. A budget of €35m was originally indicated for both the Hen Harrier Programme and the Freshwater Pearl Mussel Project, with an anticipated allocation of €25m for the Hen Harrier and €10m for the Freshwater Pearl Mussel and this is what we expect to spend. Two impressive project teams are now in place and I look forward with interest to the results of these collaborative efforts across the advisory, research and farming communities.

Finally as members are aware, the Rural Development Programme also provides funding for LEADER, in the amount of €250 million. LEADER is implemented by the Department of Rural and Community Development under Minister Ring and my understanding is that they expect the full LEADER allocation will be spent over the duration of the programme.

Mr. Chairman, this has been a brief overview of RDP spending. As members are well aware, there is a perception that there are spare funds available to open new measures under the Programme. As this Review shows, nothing could be further from the truth and as outlined our commitments are already such that they will require an allocation under the next Programme. I am keeping these matters under ongoing review to ensure that the entire budget is used and that RDP objectives are met. Thank you for your attention and I now look forward to the discussion and questions from committee members.

