

**Opening Statement by the Minister for Agriculture, Food and the
Marine**

Supplementary Estimate 2019

I appreciate the opportunity to present this request for a Supplementary Estimate for 2019. I am seeking your approval for additional funds to contribute to the national funding element for the Beef Exceptional Aid Measure, approval to use savings on the Departments Vote to allow for extra expenditure for GLAS and TAMS, to provide for an early payment to the World Food Programme, as well for the addition of funding to my Department's Administrative Budget for its share of the very substantial expenditures undertaken on Border Control Posts in the past year in preparation for BREXIT

Taken together the additional funding allocations for subheads total some €82million, which we propose is to be funded by €19.4million of additional voted funding, €22million in savings across other subheads and €41million in additional appropriations in aid.

As these proposed transfers and expenditure involve significant changes to the original 2019 voted allocations, I believe that it is important to seek your input and approval.

Savings

The various additional costs and the areas where savings have emerged reflect the very dynamic uncertain environment in which the sector and the department has operated this year, most of it related either directly or indirectly with BREXIT, or more particularly the threat of BREXIT. It was certainly not "a business as usual year" but we have also done our usual business. It is a measure of the scale of the challenge that we have spent very substantial public funds on new infrastructure, new staff, new IT systems and new schemes to support our farmers in this difficult period. By the same token, the additional funds we are seeking for TAMS points to our farmer's resilience and deep commitment and their readiness to invest in their own enterprises in the knowledge that improved safety and

efficiency is vital in the more competitive environment we face into regardless how BREXIT plays out.

I will outline where the savings which we propose to use have emerged starting with the **payroll saving of €2.0m**. To date in 2019 426 people have joined or re-joined the department and 215 have retired or moved to other employment. Despite this substantial increase in staff there is a slight saving on the payroll – about 1% of the allocation, as a substantial part of it was in the last third of the year, due to an intense focus on recruitment and organisation in preparation for BREXIT activities.

The savings of €2.5 in the **Food safety, Animal & Plant Health and Animal Welfare savings reflects** reasonably benign conditions in some areas : more specifically the prudent provision funding on Control of Horses, and measures for diseases other than TB will not be fully used but also the drawdown of funds set aside for the farmer payments for Sheep electronic identification has been lower than provided.

In the Other Scheme sub-head, there are total savings of €1m available for redistribution as the provision set aside for the residual payments under the 2018 Fodder schemes was not fully required.

In the Development & Promotion of Agriculture & Food subhead there are savings of €4m on the capital side and €2.9m on the current side with an underspend arising as spend on lean reviews by food companies was substantially lower than projected, and a very low demand for the Capital Investment Incentive Scheme while in the specialist Artisan food producer scheme approvals substantial numbers of approvals issued but a small portion reached payment stage yet.

There is also a capital saving of €3million within **the Teagasc allocation** where the provision for the National Food Innovation Hub will be underused due to the delayed start to construction works at has reduced capital drawdown

In the Other Services subhead there is a saving of €1.6 million has arisen mainly due to savings in our legal provisions.

In the **Research, Quality & Certification subhead there will be a saving of €2.9 million** 2019 provision was primarily required to meet funding commitments arising from expenditure incurred on previously awarded projects and for new commitments under the 2019 call which was launched in March, but which had a lower than anticipated participation level.

There are savings of €1.6m available in the **Fisheries Subhead** due mainly to timing of payments to be made in respect of multi-year projects underway in the EMFF Marine Biodiversity Scheme and the Blue Growth & Marine Spatial Planning scheme . There is also a saving of €0.5m available from the Marine Institute's superannuation allocation.

Taken together these €22 million in savings described are to be combined with additional gross provisions of just over €60 million to provide €32m for Farm Schemes, €30m for Brexit infrastructure, and €20m for the World Food Programme. I'll describe those briefly now:

The €32m extra to be provided for farm schemes would be distributed to the Agri-Environmental Schemes subhead for GLAS, to the Development of Agriculture and Food sub-head for TAMs, and to the Beef Sustainability Schemes subhead for BEAM

BEAM

The Beef Exceptional Aid Measure (BEAM) was introduced to provide temporary exceptional adjustment aid to farmers in the beef sector in Ireland and subject to the conditions set out in European Commission Implementing Regulation. BEAM is funded by a combination of EU aid and Exchequer support, provided in light of the difficult circumstances that Irish beef farmers have been facing as a result of market volatility and uncertainty. The scheme was

designed to target aid to those who had been most impacted by the market disturbance for which it was requested. The final pre-payment checks are still in progress, but we envisage that up to €78m will be paid of which €28m will be an exchequer cost and of that a very small part will fall into next year. I am seeking €18m additional funds and this will be complimented by other savings, mostly by €8m from the other schemes within the Beef Sustainability Scheme sub head, namely BDGP and BEEP, the Beef Environmental Efficiency Pilot. While the BEEP participation levels were slightly lower than we had provided for it, at 13,289 participants it has had a very successful pilot year, which we intend to build on for next year.

GLAS

The 2019 budgetary allocations for current expenditure under the Agri-Environmental Schemes are €228.25m. The expenditure projections were based on paying Schemes at the 75% advance rate set out in the EU Regulatory framework. However, due to the difficult circumstances experienced by farmers, I made a request to the European Commission for approval for Ireland to pay a higher advance payment of 85% for Pillar II Rural Development schemes which is allowed under EU Regulations in exceptional circumstances. Accordingly I am also requesting your approval for funding of a further €7m to ensure that there is sufficient funding available to pay a higher advance payment of 85% funding to all farmers who establish their eligibility under these schemes. At this point we have already paid 43,000 participants their advance payment the highest number of GLAS participants and the additional funding we are seeking will bring the number paid by the year end to about 45,200 participants, which we would envisage being eligible year end.

On the capital side, I am very heartened to say that, despite all the challenges and uncertainties faced by the sector participation in TAMs continues to grow and I am seeking to allocate it an additional €7million to allow for the continuation of payments of claims over the next few weeks as the €70m funding for 2019 is now exhausted.

Apart from these farmer schemes, there is the need for very substantial extra funding for the Non-Pay Administration part of the Programme A. This is for Border Control posts and that arises, of course, in the context of BREXIT. It reflects the requirement to have property

and infrastructure to facilitate and support the movement of legitimate trade and carry-out necessary Sanitary and Phytosanitary (SPS) checks at ports on the basis of a disorderly withdrawal from the EU by the United Kingdom - my Department are the lead tenants in most parts of the Dublin Port and Rosslare sites and have been assigned the largest proportion of the considerable costs involved amounting to some €28.1million in capital and €2.3million in current expenditure, largely undertaken on our behalf by the OPW.

The other very important item is the additional €20m allocation for the World Food Programme which will allow for the earliest payment of next year's commitment under Ireland's Strategic Partnership Agreement with WFP. This earlier disbursement is at the request of the World Food Programme's Executive Director, who has written to inform me that this funding will significantly contribute to enhance WFP's capability to plan its interventions and better address needs around the world.

Appropriations in Aid (Receipts)

My Departments appropriations-in-aid is set to be substantially greater in 2019 than provided for in the 2019 REV and we are seeking to off-set some of our additional requests for funding against €41million of these extra receipts.

These payments are from the European Commission and are the EU funding component for our co-funded RDP schemes. These are paid in arrears by the Commission, usually on a quarterly basis. The additional receipts reflect an under-estimation of receipts in respect of the advance payment of ANCs paid in September; this wasn't in our budgeted amount for the year so our 2019 receipts will be greater than planned.

Conclusion

Once again, this is a necessary and far-reaching substantive supplementary estimate which I earnestly recommend to the Committee for support.

I am happy to respond to any questions that members may have.

ENDS