Opening Statement, 29.11.2023, Department of Agriculture, Food and the Marine

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# Joint Committee on Agriculture, Food and the Marine — Opening Address

## Access to the Brexit Adjustment fund (BAR)

Cathaoirleach, Committee members, I'd like to thank you for the invitation to be here today to update you on the activities in the Department of Agriculture, Food and the Marine in relation to the Brexit Adjustment Reserve Fund. My name is Gordon Conroy, and I am the Chief Financial Officer in the Department. I am joined by my colleagues:

- Damien Flynn, Head of Brexit Unit,
- Maria Dunne, Head of Meat and Milk Policy,
- Deirdre Fay, Head of Horticulture and Plant Health Division, and
- Rebecca Chapman, Finance Officer.

As you are aware, the Brexit Adjustment Reserve (BAR) aims to provide financial support to the most affected Member States, regions and sectors to deal with the adverse consequences of the UK's withdrawal from the European Union.

The regulation came into force in October 2021 and requires that any application for BAR funding must set out the negative impacts of the withdrawal of the UK from the European Union, and how the measures carried out under the Fund alleviate the adverse consequences.

The total EU fund is €5.5bn and Ireland received just over 20% of the entire reserve with an allocation from the reserve of €1.015 billion. This Department was allocated nearly €300m specifically for BAR funding through the budgetary processes in 2021, 2022 and 2023. Significant additional infrastructure and staffing costs have been incurred separately and will likely be included in the final claim for BAR, which will be submitted next year.

The fund is managed by the Department of Public Expenditure, NDP Delivery and Reform (DPENDPDR), as the Designated Body for BAR expenditure in Ireland. They issued a number of communications to Departments, including the Department of Agriculture, Food and the Marine, outlining the BAR eligibility criteria and requesting the submission of proposals that would meet these criteria.

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Eligibility, as advised by DPENDPDR, is determined as follows:

- Firstly, proposals must identify a direct link to the negative impacts of Brexit and must also directly address the negative impact identified, and
- Secondly, expenditure must also meet general EU funding requirements, including state aid rules.

DPENDPDR also outlined that the BAR regulation sets out two concrete points in time, firstly with regard to eligibility and secondly on reporting.

Eligibility - The regulation states that the eligibility period for expenditure runs from 1 January 2020 to 31 December 2023 and states that expenditure needs to be incurred and paid by public authorities by 31 December 2023.

Reporting - It also states that all MSs must report by 30 September 2024 about measures carried out, with DPENDPDR making a formal submission to the Commission for funding from the reserve at that time.

As such Cathaoirleach, my colleagues and I will be referencing funding today which has been spent with the intention of it being claimed from the Brexit Adjustment Reserve next year. However, whether or not it is ultimately included in Ireland's claim is a matter for DPENDPER.

In terms of engagement with stakeholders regarding the identification and submission of funding proposals, the Department consulted extensively with all stakeholders to identify potential measures for inclusion under the Brexit Adjustment Reserve.

In this regard, the Minister for Agriculture, Food and the Marine, Charlie McConalogue, regularly requested agri-food stakeholders, in direct engagement with them including at the Brexit Consultative Committee, to submit proposals for BAR schemes.

Alongside this, the Department's Brexit Division consulted on an ongoing basis with Divisions across the Department to highlight availability of BAR funding and to explore possibilities for BAR eligible schemes.

DAFM Policy Divisions, responsible for specific sectors, engaged with specific proposals made by sectoral stakeholders and measures which they identified from their analysis to address Brexit impacts on the various sectors. This included development of proposals which met:

- BAR Eligibility provisions,

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- sanction requirements from DPENDPDR for funding,
- EU state aid approval requirements, and
- the development of application and scheme delivery mechanisms for measures.

I will now outline some detail of the specific supports by sector.

In the beef sector two BAR-funded schemes were introduced in 2023 to mitigate Brexit risks for the beef sector, the National Beef Welfare Scheme with a budget of €23m and the National Dairy Beef Welfare Scheme with a budget of €5m. Also, the Bovine Genotyping Programme which will operate for five years and represents a significant step towards genotyping of the national bovine herd was introduced. It is open to both dairy and beef breeding herds. The total cost of the first phase of the programme — which will cover genotyping all cows and replacements females in participating herds — is being fully funded by the Department using BAR funding.

Given that approximately 80% of Irish mushrooms are exported to the UK, the mushroom sector was a particular focus for BAR funding. Support has been provided in two ways which we can elaborate on more in our discussion. The potato sector was also directly impacted by Brexit and measures to support seed potato producers towards the capital cost of equipment and facilities for the production, storage and marketing of seed potatoes were introduced.

In respect of fisheries, Minister McConalogue established the Seafood Sector Task Force in March 2021 to examine the impacts of the Trade and Cooperation Agreement (TCA) on our fishing sector and coastal communities and to recommend mitigation measures. The Task Force delivered its final report in October 2021 and made 16 recommendations. The Task Force recommended that these initiatives be funded through both the 100% EU funded Brexit Adjustment Reserve and Ireland's forthcoming EU co-funded Seafood Development Programme 2021-27 under the European Maritime Fisheries & Aquaculture Fund.

The Department in conjunction with the Department of Enterprise, Trade and Employment and the Strategic Banking Corporation of Ireland (SBCI), also launched the Brexit Impact Loan Scheme in October 2021. The scheme provides loans to Brexit-impacted Irish businesses for working capital, investment and re-financing. Loans range from €25,000 to a maximum of €1.5m and are available for terms of between 1-6 years.

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The Department also provided additional funding to Bord Bia in recent Budgets to support their activities in promoting Irish products on UK markets and their work in developing alternative markets for Irish agri-food products.

Finally, its also important to note that in addition, to the various direct financial supports already outlined, the Department has also invested heavily in helping the sector to prepare for changes in the trading environment with the UK. This has included investment in new IT systems, recruitment of additional veterinary and technical resources, significant investment in physical infrastructure and direct training for businesses on new systems and processes.

All of this investment has ensured that in particular any disruption to Irish trade with UK has been minimised. This has been a key priority of the Government in it's approach to meeting the challenges associated with Brexit.

So, in conclusion, while the process for accepting and considering new proposals under the Reserve is now concluded, the work in preparing Ireland's claim is ongoing with the final claim to be submitted in September 2024, with an extended period of audit checks to be completed thereafter.

Officials throughout this Department will also be engaging with DPENDPDR to ensure maximum utilisation of the available funds.

Thanks for your time and I and my colleagues will be happy to take any questions that you might have.