

Opening Statement by the Minister for Agriculture, Food and the Marine
Technical Supplementary Estimate 2021

I welcome the opportunity to present to the Committee this request for a Supplementary Estimate for 2021. This technical supplementary estimate is required to make use of savings on the Department's vote to provide for spend over several headings. To allow a technical supplementary estimate to take place a token €1,000 will be added on to my Department's vote. No additional funding is being requested.

I propose moving €49.8 million in savings across other subheads.

As these proposed transfers and expenditure involve changes to the original 2021 voted allocations, I believe that it is important to seek your input and approval.

Savings

The areas where savings have emerged reflect the very dynamic and uncertain environment in which the sector and the department has operated in this year.

Despite the continuing challenges of the pandemic and Brexit we have continued to carry out our usual business. Since September 2021, over €960 million has been paid to farmers in respect of their 2021 Basic Payment Scheme and Areas facing Natural Constraints Scheme. The Department issues these advance payments (at a rate of 70% and 85% respectively) to farmers at the earliest date possible under EU Regulations. The remaining balancing payments (at a rate of 30% and 15%) are due to commence in early December.

Payments under the Sheep Welfare Scheme, Protein Aid and the Straw Incorporation Measure are also due to commence in the coming weeks (SWS due this week). TAMS payments are ongoing, with some €56m paid to date.

I will outline where the savings which we propose to use have emerged, starting with the Information Management Technology saving of €5.0m. In December 2020 the Department issued two new procurement competitions for the upgrade of the Departments core systems and also the development of systems to cater for the new CAP post 2022.

The incumbent company for the existing contracts was not successful in either of the two new procurement processes and initiated High Court proceedings in the matter. This resulted in the Department not being able to source the additional resources identified for a significant period of time (circa 5 months) until the High Court proceedings were resolved (the company withdrew the proceedings). The delay resulted in the Department being unable to progress system development as planned which also had the effect of resources from other contracts not being taken on in both the number and at the time originally envisaged.

Savings of €3m in travel and incidental expenses have also been identified due to the reduction of the level of travel undertaken by my Department as a result of the pandemic.

In the subhead B.3 Agri-Environmental Schemes there are total current savings of €21.350m being re-distributed. (The savings set out below are off-set by an increase in the subheads capital allocation by €2.5m).

€1.55million of these savings arises from the Organic Scheme, and €22.3m are from schemes due to be funded by the EU's Recovery Instrument funding (EURI). €56m of EURI designated funding was provided in 2021 to cover a suite of new Agri-Environment schemes, including a new Organics Scheme, a Straw incorporation measure, new EIPs, and for an Environmental tranche of TAMS.

Funding for EURI schemes is provided by the exchequer in the first instance, then reclaimed at 100% from the EU. Commencement of these schemes was delayed until an amendment to the Rural Development Programme could be fully approved by the EU Commission, which did not happen until mid year. The EURI funding is subject to what is known as the N+3 rule, which means it can be spent in the 3 years from the date of programming. I would like to re-assure the Committee that the EURI funding will be spent over the course of the next few years and the money available to farmers has not been lost. The exchequer funding attributed to these EURI schemes as part of the vote, will thus be utilised in other subheads.

In the Areas of Natural Constraint subhead B.4 there are savings of €1 million due to the level of eligible claims received.

TAMS

Under Capital expenditure, my Department continues to operate the large on-farm investment scheme, the Targeted Agricultural Modernisation Scheme, or

TAMS II. TAMS is made up of a suite of seven measures and was launched under the Rural Development Programme 2014-2020 with a budget of €395m over the full period of the Rural Development Programme.

Payments under the TAMS II scheme continue to issue on an ongoing basis. To date in 2021 we have issued payments of €56 million. However, there have been some impacts of Covid 19 on investment works, particularly building works during the lockdowns. Therefore, I am utilising a saving of €3.3 million from the 2021 allocation to fund expenditure elsewhere.

My Department has actively encouraged all approved applicants under the scheme to submit payment claims including by contacting approved applicants individually by text message on a number of occasions and reminding approved participants to submit their payment claim as soon as they are in a position to do so. However, as TAMS II is a demand led scheme and the timing of the completion of works and submission of payment claims, within the timeframe set out in their approval letter, is entirely a matter for the farmers themselves. In general, participants have 12 months from the date of approval to complete works and submit a payment claim with a shorter timeframe of 6 months for equipment.

Forestry

Also on the capital side, we are seeking to move €7 million in capital expenditure from the forestry allocation. This saving has arisen because new planting is much less than anticipated at the beginning of the year. I am aware that the current licensing delays are a contributory factor to the reduced levels of planting. We are addressing the current delays in a robust way with additional

resources, a dedicated project plan and a reformed appeals system. We are also looking at ways to re-engage farmers so that they see forestry not as a displacement activity but as complementary to their farming enterprise.

In the subhead B.12 Market Volatility a capital saving of €300,000 has been identified. Subhead C.11 Other Services has savings of €2m coming from a number of areas including savings on legal expenses.

There are projected savings of €4.9m available in the Fisheries Subhead. Fisheries expenditure will be monitored on an ongoing basis over the remaining 6 weeks of the year to ensure spend is maximised in 2021.

The Sea Fisheries Protection Authority subhead has savings of €2 million, due to Covid-19 impacts on recruitment and travel.

Reallocated Funding

Access to Finance

Utilising savings from TAMS and Forestry this year will ultimately free up funding for 2022 as we prepay some 2022 commitments now. This will leave us better able to take on the many challenges that face the industry next year.

Some €7.3 million of the capital savings described will allow my Department to provide access to finance. Finance is a crucial business need and, as well as liaising with the main banks on issues relating to the agri-food sector, we work closely across Government to provide important supports for businesses,

including farmers, fishers and food businesses. Most recently this has been to ensure that they have access to finance during the pandemic and also to help deal with the challenges brought about by Brexit. These supports have been delivered with the Strategic Banking Corporation of Ireland (SBCI).

My Department co-funds the Future Growth Loan Scheme (FGLS) with the Department of Enterprise, Trade & Employment. It supports strategic long-term capital investment by SMEs, farmers and fishermen. It has been in high demand and 1,595 loans (46%) were drawn down by the agri-food sector, with a value of €235.8m (32%). The transfer of €7.3 million in my Department's Supplementary Estimate will facilitate an advance payment for my Department's contribution under the Scheme for 2022. The Covid-19 Credit Guarantee Scheme provides an important source of working capital finance. The 2021 allocation of €0.8million has been converted to capital funding to align how this scheme is accounted for by the Department of Enterprise, Trade and Employment.

We recently launched the Brexit Impact Loan Scheme, which is a medium-term, lower-cost scheme to fund working capital and investments for businesses, including primary producers and food businesses, impacted by Brexit and Covid-19. The Scheme opened for applications on 14 October.

The remaining capital funding of €2.5m has been allocated to the Soil Sampling scheme to cover 2021. The Soil Sampling programme will provide information to farmers on their soil fertility and also soil pathogen assessment. The programme will measure baseline soil carbon levels which will guide future actions to support carbon farming. It will also provide the basis for the next generation of soil-specific nutrient management advice and underpin targeted

fertiliser and organic manure applications (right nutrient type, right application rate, right time & right place) across all farming systems in Ireland.

Brexit Temporary Fleet Tie-up

€11m of the reallocated funding will go to a Brexit Temporary Fleet Tie-up Scheme. The scheme will help mitigate the impacts of quota cuts on the fishing fleet arising from the Trade and Cooperation Agreement agreed between the European Union and the UK. The scheme delivers on a recommendation of the Seafood Sector Task Force and is targeted at white fish vessels in the Polyvalent and Beam Trawl segments. The scheme will be managed by Bord Iascaigh Mhara. Vessels would tie-up at the quayside and cease all fishing activity for that month. In return, the vessel owner would receive a payment compensating for the lost fishing income. The vessel owners will in turn be required to distribute one third of that payment to crew.

Marine Institute

The Marine Institute (MI) is seeking a once off allocation in 2021 of €5m to enable costs related to the Data Collection Framework (DCF) which is funded on an annual basis by this Department under Subhead D, to be met on current year payment basis with effect from 1 Jan 2022.

Due to the timing of approval of the 2014-2020 DCF Programme and funding, a position developed whereby the Marine Institute receives funding for a particular year's EMFF funded DCF expenditure one year after the spend is incurred i.e., funding is received one year in arrears. As it currently stands, the 2021 estimate includes €5m for the 2020 costs, and the 2021 costs would be

paid in 2022. If the proposal is approved and the savings are available, the 2020 and 2021 costs could be paid in 2021, with the 2022 costs paid from the 2022 allocation.

Sheep Welfare Scheme

The Sheep Welfare subhead B.8 will be increased by €1.5m. The reference period was recently changed (which determines the maximum number of animals paid under scheme) from 2014-15 to 2017. This change is also in line with existing commitments set out in the Programme for Government, which includes the commitment to build on schemes such as the Sheep Welfare Scheme in a “way that enhances farm incomes...and animal welfare objectives...and recognising their significant contribution to net farm incomes.” This commitment is reflective of the fact that sheep farming contributes to both economic and environmental sustainability, in particular on more marginal land, with sheep grazing being an important land management tool in parts of the country where land usage options are relatively limited.

Given that this change requires additional funding of €1.5m for 2021 above the allocation agreed in this Department’s vote for 2021, I am increasing the allocation from €17m to €18.5m.

WFP

The United Nations World Food Programme (WFP) is the world’s largest humanitarian organisation, saving lives in emergencies and using food assistance to build a pathway to peace, stability and prosperity for people recovering from conflict, disasters and the impact of climate change. WFP assists

115.5 million people in 84 countries through food or cash distributions in emergencies and nutrition support programmes.

WFP was awarded the Nobel Peace Prize in 2020 for its efforts to fight hunger and for its contribution to enabling conditions for peace in conflict-affected areas. It relies entirely on voluntary funding, with governments being its principal donors. Ireland has long been a supporter of the WFP and my Department is the lead Department for the relationship with the WFP. The aggregate value of Ireland's contribution to WFP in the 30 years from 1991 amounts to some \$0.55 billion.

Ireland commits funding through three-yearly Strategic Partnership Agreements with the WFP, which for the period 2019-2021 committed €70million. My Department is currently finalising the strategic partnership agreement for the years 2022-2024, under which it is proposed to commit €75million. This €25 million allocation represents an advance on that commitment and it will help save lives by supporting food security & nutrition and rebuilding livelihoods in fragile settings. It reaffirms Ireland's role as one of WFP's most engaged partners.

Conclusion

In conclusion, I believe this is a necessary and important supplementary estimate which I earnestly recommend to the Committee for support.

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

ENDS