

DÁIL ÉIREANN

AN COMHCHOISTE UM THALMHAÍOCHT AGUS MUIR

JOINT COMMITTEE ON AGRICULTURE AND THE MARINE

Dé Máirt, 6 Deireadh Fómhair 2020

Tuesday, 6 October 2020

Tháinig an Comhchoiste le chéile ag 4 p.m.

The Joint Committee met at 4 p.m.

Comhaltaí a bhí i láthair / Members present:

Teachtaí Dála / Deputies	Seanadóirí / Senators
Martin Browne,	Victor Boyhan,
Matt Carthy,	Lynn Boylan,
Michael Collins,	Paul Daly,
Michael Fitzmaurice,	Tim Lombard,
Joe Flaherty,	Denis O'Donovan.
Paul Kehoe,	
Brian Leddin,	
Michael Ring.	

Teachta / Deputy Jackie Cahill sa Chathaoir / in the Chair.

Impact of Covid-19 on the Agriculture Sector and Priorities for CAP and Brexit: Minister for Agriculture, Food and the Marine

Chairman: Members are requested to ensure that, for the duration of the meeting, their mobile phones are turned off completely or switched to airplane, safe or flight mode. It is not sufficient for members to put their phones on silent. I remind members of the long-standing parliamentary practice to the effect that members should not comment on, criticise, or make charges against either a person outside the Houses or an official either by name or in such a way as to make him or her identifiable.

The first item on the agenda is our engagement with Deputy McConalogue, Minister for Agriculture, Food and the Marine, on the impact of Covid-19 on the agriculture sector and his priorities with regard the Common Agricultural Policy, CAP, and Brexit.

I welcome the Minister and thank him for taking up the invitation to attend today. I wish him well in his brief and look forward to a good working relationship with him and his officials. The Minister is accompanied today by Ms Sinead McPhillips, Assistant Secretary with responsibility for meat and milk policy division; and Mr. Paul Savage, Assistant Secretary with responsibility for Brexit and EU affairs. They are also welcome to the meeting. I call on the Minister to make his opening statement.

Minister for Agriculture, Food and the Marine (Deputy Charlie McConalogue): I thank the Chairman, and congratulate him on his appointment as Chair of the committee, and Senator Lombard on his appointment as Vice Chairman. It is good to see so many colleagues here today. I mention, in particular, my colleague, Senator Paul Daly. There are many new members here and many who made significant contributions to the previous committee. As this is the first time I have attended a committee meeting since my appointment as Minister, I wish to acknowledge the good work of the previous committee Chairman, former Deputy Pat Deering. I will make an opening statement and will then receive questions from committee members. I thank all the committee members for their invitation to attend today.

We have all been faced with an unprecedented challenge in the form of Covid-19 in recent months. In the context of this pandemic, human health must be the absolute priority. The agrifood sector is critical to maintaining food supply chains, from farm inputs right through to retail distribution. Activity within the sector is deemed essential and, therefore, the sector has remained in operation since the lockdown in March.

In terms of economic impact, while production was not significantly impacted, the demand for Irish food and drink products was subject to market disturbance. Ireland exports some 90% of the food we produce and the food service industry across Europe, and beyond, experienced a near total collapse in demand due to the shutdown of the hospitality sector. This has also affected beverages, Ireland's third biggest export. While food retail demand increased, it did not offset the decline in food service demand.

That demand imbalance had, and is still having, significant consequences for primary producers and agrifood businesses. In the first few months of the pandemic, there were lower prices across all commodities. While these have stabilised and risen in some cases, they still remain relatively low, especially beef prices. Live exports of cattle were severely affected earlier in the year, particularly the export of calves to continental Europe in the spring, because of the collapse of food service demand for veal on the Continent.

Exports of agrifood dropped by 11% for the month of April but have since partially recovered, with exports for the first seven months to the end of July dropping by just 1.9% in value compared to the same period last year. Exports of agrifood to seven of our top ten destinations are down, with the largest decrease in countries where Covid-19 has been most severe. Exports of beverages are down 17%, exports of fish are down 11%, while beef exports are down 8% in value to the end of July. In contrast, dairy exports have increased 6% in the same period.

My Department and its agencies worked with all the agrifood stakeholders to ensure the sector, as our largest indigenous industry, was considered as part of the ongoing whole-of-government response. In addition, specific supports were put in place, such as a scheme of aids to private storage under the Common Agricultural Policy for certain dairy products, a €50 million beef finisher payment to provide support for beef finishing farms which were severely impacted by reduced prices and reduced slaughterings, a Covid-19 voluntary temporary fleet tie-up scheme for fishing vessels, and various other supports and flexibilities under schemes managed by my Department. The July stimulus package included an increased capital allocation of €17 million to the Department for the Howth fishery harbour centre, an additional allocation for on-farm renewable energy investments, and investment in a large-scale habitat restoration project by Coillte.

Farmers, fishers and food businesses also benefit from access to the Government's liquidity and investment responses to Covid-19 impacts, including the expansion of the future growth loan scheme for capital investment and Microfinance Ireland loans for working capital. I was pleased to be able to launch, with my Government colleagues, the Covid credit guarantee scheme, which is supporting working capital lending to SMEs, including farmers and fishers. In addition, food businesses are eligible for the Covid working capital loan scheme, as well as for Enterprise Ireland supports to maintain business continuity and liquidity. Bord Bia has provided an additional €1 million Covid-19 response marketing package for food businesses to accelerate e-commerce and expand marketing activities.

The beef finisher payment scheme was a one-off, Exchequer-funded grant aid scheme under the Covid-19 state aid temporary framework. The objective of the scheme was to provide support for beef finishing farms which had been severely impacted by the economic effects of the Covid-19 pandemic. The measure, with an available fund of €50 million, targeted support for beef finishers who slaughtered animals between 1 February and 12 June, the most pronounced period of market disturbance. This targeting was in recognition of the fact that beef finishers who slaughtered animals in this period bore the most severe impact of the market disturbance caused by the sudden closure of food service markets across the EU during the Covid-19 pandemic. Support for beef finisher enterprises will ensure that beef farmers, along with other enterprise types such as suckler farmers, will be able to maintain routes to market for their product.

The Department and its agencies, in consultation with stakeholders, continues to monitor the impacts on the agrifood sector as the situation evolves, and it will seek to provide appropriate supports to the sector.

My Department is contributing to the whole-of-government response to managing outbreaks of Covid-19 in food plants. The resilience and recovery plan for living with Covid-19 sets out a number of important actions for my Department. It will work collaboratively with other Departments and agencies and other stakeholders within the sector to ensure that standards of compliance with Covid-19 protocols are maintained in order that food production can continue safely. This is essential for the well-being of our population as a whole. This collaborative

approach between regulators, employers and employees, together with personal responsibility, will be key to maintaining safe operations in all workplaces throughout the country.

My Department is participating in the HSE-chaired national standing committee on high-risk settings, which meets on an ongoing basis to review existing protocols and compliance measures and to identify any additional control measures required. It is also supporting the HSE and the Health and Safety Authority in monitoring the effective implementation of all relevant Covid-19 guidance in Department-approved food plants. Findings from these inspections suggest that compliance with these Covid-19 protocols is generally very good. As well as the over-riding public health priority, it is in the interest of the meat industry to ensure its workers are protected and that all appropriate protocols and advice are fully implemented.

The Government decided in August that the HSE should implement a programme of serial testing of workers in food plants and other large businesses. The first cycle of this serial testing programme is due to be completed by the end of this week. As of last Friday, 2 October, 24,824 samples had been tested under the programme, with 101 positives detected, giving a positivity rate of 0.41% - a rate lower than the current rate in the general population. However, there is no room for complacency, and my Department is continually engaged with industry to ensure that basic measures, such as physical distancing and use of personal protective equipment, PPE, are being implemented correctly. International evidence has shown that meat plants are at particular risk of outbreaks. My Department is leading research on the environmental and operational factors in meat plants which may influence the transmission of Covid-19, and looking, for example, at such aspects as ventilation systems and the recirculation of chilled air in plants to identify and address these risk factors.

Much commentary has concerned wider factors in respect of employees in the food industry, such as shared accommodation and transport and sick pay and other employment conditions for workers. I welcome as a very positive step the code of practice agreed by Meat Industry Ireland, MII, and SIPTU for the safe management of staff in the primary meat processing sector during the pandemic.

My Department is engaging with the ESRI to scope a research project to examine some of these wider issues. Meanwhile, if employees, or their representatives, have any specific concerns regarding employment conditions they should contact the relevant statutory agencies, such as the Health and Safety Authority, the Workplace Relations Commission or the Department of Employment Affairs and Social Protection, as appropriate.

In addition to the challenges associated with the pandemic, we are facing a difficult period ahead with the Brexit deadline approaching and an increasingly volatile and unpredictable international trading environment. Regardless of the outcome of the EU-UK negotiations, several outcomes are already clear. In less than three months, the UK will be outside of the EU Single Market and customs union. Notwithstanding the significant amount of preparation already completed, some degree of delay in the movement of animals and goods will be inevitable. There will also be inevitable changes to the Irish agrifood industry from 1 January 2021, with new customs and regulatory requirements, including sanitary and phytosanitary, SPS, checks for importers of agrifood products from Great Britain.

For exporters, export certification requirements for the movement of goods to Great Britain will be introduced by the UK on a phased basis from January 2021. Complying with customs and regulatory requirements will increase the cost of trade and result in delays in the movement of goods, although every effort will be made to ensure the minimum possible disruption to trade

flows and supply chains. Any business that moves animals and goods to, through or from Great Britain will be subject to a range of customs formalities and SPS regulatory requirements that do not apply to such trade today. It is essential that businesses, no matter how small, take immediate steps, if they have not already done so, to understand the impact these rules and processes will have on their operations.

With less than three months until the end of the transition period, time is short and prompt action is required. Planning and investment are required, and this is not something that can be left to the last minute. Importantly, many of these changes will not apply to trade between Ireland and Northern Ireland. On 9 September, the Government launched an updated Brexit readiness action plan and a new communications campaign for businesses. The Government has put in place a range of business support and advisory services, and we will do more as needed. Updated Brexit legislation is also being progressed.

The Government's July jobs stimulus included a €20 million Brexit fund to help small and medium-sized enterprises, SMEs, that trade with Great Britain to put in place the staff, software and IT systems to be ready for the new customs arrangements from 1 January 2021. A new ready-for-customs grant is available from this fund through Enterprise Ireland, which will provide up to €9,000 per eligible employee hired or deployed within a business in a dedicated customs role. Customs training and supports are also available from Skillnet Ireland, Enterprise Ireland and the local enterprise offices, LEOs, and other organisations, including Bord Bia.

The Government will continue to intensify outreach to stakeholders in the coming months. The Revenue has written to all businesses that have traded with the UK to remind them of the need to prepare for Brexit. These letters included a specific notice from the Department of Agriculture, Food and the Marine for relevant companies trading in agrifood products. As part of the whole-of-Government approach, my Department has been preparing for Brexit for more than four years so as to be as ready as possible for all Brexit scenarios. The focus has been on infrastructure at ports and airports, staffing, the development of robust IT support systems and communications with stakeholders.

My Department has ensured that financial and budgetary measures were put in place to help the agrifood and fishery sector over the last four budgets. These measures were aimed at enhancing competitiveness and market and product diversification, and included low-cost loan schemes, supports for Bord Bia and Teagasc, direct support for farmers and capital funding for the food industry. The former Minister, Deputy Michael Creed, previously led an intensified series of trade missions to develop and grow new markets in light of Brexit, and this important work will continue, albeit perhaps virtually, of necessity, for the time being.

I will ensure that all supports are kept under review to help the sector prepare for and adapt to a new reality post the transition period. I welcome the multi-annual financial framework, MFF, agreement reached in July, which includes a €5 million Brexit adjustment fund for those member states most affected by Brexit. I will work to ensure that the agrifood sector gets a significant allocation from that fund.

Bord Bia has published an updated Brexit action plan. This complements the Government's Brexit readiness action plan and serves as a deep dive into the actions required specifically by food and drink manufacturers in preparation for 1 January 2021. It covers actions required in respect of customs operations, sanitary and phytosanitary, SPS, measures, supply chain issues and finance arrangements.

So far, there have been nine negotiating rounds in the EU-UK future relationship negotiations. The ninth negotiating round took place last week against the backdrop of the publication by the UK Government of the Internal Market Bill and the issuing by the EU of a formal notice to the UK for breaching its obligations under the withdrawal agreement, which marks the beginning of a formal infringement process against the UK. Time is growing short and a no deal outcome is not in anyone's interest. In the absence of a free trade agreement between the UK and the EU, tariffs would apply to agrifood trade between Ireland and the UK, excluding Northern Ireland. The EU's common external tariff regime will apply to imports from Great Britain to Ireland and the UK's global tariff regime will apply to Irish exports to Great Britain. This analysis is very stark for the agrifood sector. In the period ahead, Ireland will continue to work as part of the EU27 to ensure that our collective approach to these negotiations reflects our values and interests.

Together with my colleagues across Government and our EU colleagues, I outlined to the British Government our very strong concerns regarding its Internal Market Bill. Clearly, any unilateral departure from the terms of the withdrawal agreement is not acceptable. It is very disappointing that the British Government has not taken account of the concerns expressed by the EU and Ireland at the Bill's contents. The Government's position has been clear throughout. We believe the UK should move away from the path it has chosen in the Bill and work to rebuild the required trust by implementing the withdrawal agreement in full. The only appropriate channel for considering issues around the implementation of the protocol for Ireland and Northern Ireland is through the structures of the withdrawal agreement, namely, the joint committee and specialised committee established for that purpose. We welcome the Commission's continued emphasis on the importance of full implementation of the withdrawal agreement, including the protocol on Ireland and Northern Ireland. Ireland's approach has always been guided by the principle of securing a deal that works for the island of Ireland as a whole. It is vital that the protocol is implemented fully.

People need to prepare for the changes that will come about on 1 January 2021. Anyone moving food, animals and animal products or plants and plant products to, from or through Great Britain is reminded that, regardless of the outcome of the EU-UK negotiations, the *status quo* will not remain the same. With a period of less than three months until the end of the transition period, time is short and action is required immediately. There will be changes for the Irish agrifood industry from 1 January 2021, with new customs and regulatory requirements, including SPS checks, for importers of agrifood products from Great Britain. For exporters, requirements in respect of the movement of goods to Great Britain will be introduced by the UK on a phased basis from January. It is essential that importers and exporters familiarise themselves with the customs and regulatory requirements that will apply from 1 January next year.

Reform of the Common Agricultural Policy, CAP, is the third key topic we are discussing today. I will give a brief overview of the negotiations to date, the current situation with the negotiations and an overview of the CAP budget, which was agreed in July at the European Council. The CAP legislative proposals have been discussed at length during each of the Presidencies since their introduction in June 2018. Two out of the three legislative proposals are considered to be largely stable, namely, the horizontal regulation, encompassing financing, management and monitoring, and the amending regulation, which amends the current common market organisation, CMO, regulation. However, certain elements of the horizontal regulation are dependent on the outcome of the CAP strategic plan regulation. The latter has proved the most problematic for member states to consider and there are a number of outstanding issues, both technical and political, that need to be resolved before agreement can be achieved. These

key issues include the new delivery model, the green architecture and elements of the direct payments provisions, including capping.

The current situation in regard to CAP is that significant progress has been made on the legislative proposals in 2020 and we are now at a very critical stage of the process. The German Presidency is aiming to achieve a Council general approach on the CAP proposals at the October Agriculture and Fisheries, AGRIFISH, Council. That meeting is due to take place in just under two weeks' time and there is significant work required for it to be successful. There are still enormous challenges facing member states in reaching final agreement on the CAP legislative proposals. Much progress has been made with the new delivery model which will monitor the performance of the new CAP. There is further work to be done to conclude this issue but we are at an advanced stage with the reporting system. My Department will continue to engage in this process until the work is concluded.

There has been considerable discussion on the green architecture, but there is still no overall agreement on this key issue. There are a number of outstanding issues, including on conditionality, the system of good agricultural environmental conditions, GAEC, and statutory management requirements that all farmers must observe. Discussion continues on these rules, in particular regarding GAEC 9 and the requirement to have a minimum area on farms for what are known as non-productive features, which are more accurately described as areas that support public goods. The proposal to remove a number of strategic management requirements poses a significant difficulty for Ireland and has yet to be resolved.

Perhaps the most significant issue for Ireland and some other member states is the potential loss of unspent funds when it comes to implementation of the eco-schemes under pillar 1. Enormous efforts are being put in by the Commission, the German EU presidency and member states to find a workable solution to address this issue. Finding this solution is a key demand of Ireland as we move closer to the general approach and I strongly emphasised the importance of this key issue to Ireland at the recent agri-fish Council meeting. My Department will continue to work closely with the Commission and the EU Presidency on this issue over the next two weeks.

Direct payments have not been discussed in any great detail since before the German presidency. However, the agreement of the multi-annual financial framework, MFF, post-2020 proposals in July has seen direct payments discussions come back to the fore. The agreed MFF proposals see the CAP pillar 1 payments capped at €100,000. According to the agreed proposals, capping will only apply to the basic income support for sustainability. However, in light of demands from Ireland and others, the German presidency put forward a proposal for member states that will allow for some degressivity below that level. I am supportive of capping and I am still seeking the flexibility proposed under the Commission's original proposal. However, in the context of the European Council agreement on the MFF proposals in July, challenges remain.

The European Council agreed the MFF budgetary proposals, including the CAP post-2020 budget, at the European Council in July. The agreed proposal takes into account the current Covid-19 pandemic and is targeted towards the EU's recovery plan in the next programming period. The recovery plan includes a reinforced multi-annual financial framework for 2021 to 2027 of €1.074 trillion, boosted by an emergency European recovery instrument, of some €750 billion, giving an overall MFF total of €1,824.3 billion, in 2018 prices.

On current prices, the proposal outlines €386.73 billion for the CAP, with an additional €8

billion for the European agricultural fund for rural development under the European recovery instrument, to be targeted towards the recovery on the sector and green transition. The German presidency is seeking to have this additional funding made available during the transition period and I fully support that.

Overall, Ireland's CAP allocation, including the European recovery instrument supports, is estimated to be some €10.7 billion in current prices. The MFF process now moves to the next stage where the European Parliament is asked to give its consent to the budget. These discussions are ongoing. The German presidency considers that it should have finalised all aspects of the budget by the end of October.

There is still much work to be done before final agreement can be reached on the CAP legislative proposals. Work will continue in Brussels to finalise the text with a programme of meetings planned. The German presidency will also engage in ongoing bilateral meetings with member states, both at official and ministerial level, focussing on their key issues. If the general approach is achieved at the October Council, negotiations will commence between the Commission, Council and European Parliament. My Department officials and I are committed to working with the German presidency, the Commission and member states in an effort to reach agreement in two weeks.

With regard to the CAP transitional regulations, the rural development programme is fully committed. We have drawn down over 80% of the funding and are well ahead of the EU average of 60%. I am sure the committee is keen to hear what the arrangements will be for 2021. The transitional regulation is still under negotiation at European level. We had expected that the work would be nearing completion and we would have the final rules and budget in the coming weeks. However, there are a number of factors that still need to be resolved. The July agreement on the MFF, by the Heads of State and Government, needs to be signed off by the European Parliament to provide the budget amount. The German presidency is expecting to conclude this work in October. This will allow the finalisation of the legal text for the transitional regulation.

The committee will be aware that, at the end of June, the European Parliament and the Council agreed to a two-year transitional period. The Commission recently indicated that it could agree to two years on certain conditions, including a substantial increase in environmental ambition. The matter will only be finalised when the MFF negotiations are concluded later in the month. For now, we are awaiting final positions on the key elements, including the budget and the duration of the transitional period. As always in these situations, nothing is agreed until everything is agreed. I am conscious of the need to provide certainty for farmers. It is not possible to do so without the rules and the budget but my officials and I are considering what the options will be. We need to look at how we can dovetail what we will be doing in the transitional period with our programme for Government commitments and how all of that will fit in with the preparations for the CAP strategic plan. There are very ambitious targets set out in the EU biodiversity strategy, the farm to fork strategy and the green deal. We also have national targets to achieve in regard to climate change and the environment.

As members know, we are in the middle of the Estimates process that precedes the announcement of the budget for 2021. I am working with my officials and ministerial colleagues in that regard. My aim is to provide continuity and stability for farmers in these unprecedented times and to safeguard the efforts they have already made in the area of climate and environment. We will build on that existing work as we move to new arrangements under the CAP strategic plan. I intend to continue my meetings with farming bodies and stakeholders in the

coming weeks to hear their views. I am conscious that we have limited time to make decisions and implement workable solutions. I am very interested to hear the views of committee members on what we should do in the transitional period and in regard to the CAP strategic plan. I wish the committee well in its work. I look forward to engaging with members today and in the time ahead.

Chairman: I thank the Minister for his opening statement. Before taking questions from members, I ask that they limit their contributions to four minutes. I hope this will allow for a second round of questions. I have one question to put to the Minister. He referred in his statement to establishing alternative markets and routes to market. Will he give an update on the status of the proposed meat processing plant in Banagher and the prospects of its being built in the near future?

I now invite Senator Paul Daly to put his questions to the Minister.

Senator Paul Daly: I congratulate the Minister on his appointment and wish him good luck in the role. I also take the opportunity to congratulate the Chairman and Vice Chairman, Senator Lombard, on their appointment and to wish them both well in their briefs. I soldiered alongside the Chairman and the Minister, week after week, in the committee that sat during the last Oireachtas. I learned a lot from them during that time and there is a good friendship there. Now that they have been elevated, I will not be found wanting in my role of holding people to account if and when that is needed.

I have a few questions for the Minister based on his opening statement. He referred to the reduction in exports and market sales during the period of the Covid crisis. This included a large reduction in live exports, particularly of calves, due to the closing down of veal markets on the Continent. What impact has that had on national herd numbers and what plans does the Minister envisage putting in place to deal with the increased beef kill that will be necessary because calf numbers are up from last year as a result of the export restrictions? Those calves will have to go to market at some stage of their lives and I am wondering whether there will be a major impact on the numbers going to market further down the line.

Based on where we are at the moment with the Covid restrictions and taking into account last night's announcement and any possible future announcements or changes in status, I stress to the Minister the importance of keeping the marts operational at all times and particularly at this time of year. We are in October now and in the heart of the period when weanlings are sold. There are weanling sales all over the country and that is a vital part of the chain of production in the beef sector. I stress the point, regardless of whatever changes are made in future, that it is vitally important that the marts are kept operational because of the time of the year we have reached.

I would also like to hear a comment from the Minister regarding departmental inspections in the context of Covid-19 and how associated restrictions have affected farm and Bord Bia inspections. If there has been an impact, and if there is a backlog resulting from constraints imposed because of the pandemic, is that holding back payments to farmers who, through no fault of their own, have not had their inspections or their appeals heard? What can be done if there are problems in that area? I ask that question because it is vitally important regarding farmers' cash flow this year, given everything else that is happening. I refer to ensuring that any moneys owed to farmers reach them and are not held back because Covid-19 restrictions prevent inspections. That would not be the fault of the farmers.

Turning to the subject of Brexit, and the Minister will be well aware of this aspect because it is of great interest to me and I am personally involved, there was no mention in the Brexit report of horse racing or the export of racehorses and foals, and the existing tripartite arrangement between Ireland, the UK and France. Does the Minister have any indication from the negotiations concerning where that arrangement will stand post Brexit, regardless of whether there is a deal? It is vitally important for the industry, which is worth many billions of euro to the island, that the existing tripartite arrangement for the free of movement horses, foals, stallions and mares is maintained post Brexit. The ability to use the land bridge through the UK to access France is crucial.

I have some comments regarding various aspects of the CAP. I welcome the Minister's report and I note from it the sensitive position that the negotiations seem to have reached. The Minister himself has referred to the principle of nothing being agreed until everything is agreed. Everything does now seem to be coming to a head, which I welcome because this is all long overdue. In the meantime, however, what flexibility or subsidiarity arrangements are available to us during the transition period? I am assuming that the money being made available from the European Union for recovery from the impact of Covid-19 will come into play during the transition period. The Chairman is knocking on his glass, so I will leave it at that for the first round. I thank the Minister.

Chairman: I call Deputy Carthy. The Minister has stated that he will take the questions together and then come back in.

Deputy Matt Carthy: I apologise if some of my questions are repetitive. I congratulate the Chairman and Senator Lombard on their election to their respective roles. I also congratulate the Minister on his appointment. I am sure that this is probably a strange experience for him, as he was the lead spokesperson for the Opposition on this committee for many years. Part of the difficulty he may have is that some people might bring some of his words back to him concerning some of the issues we are dealing with.

First, however, it is important to state that it is good that this committee is up and running and that we have had the chance to put questions to the Minister in the Dáil. There has been a great lack of opportunity to scrutinise the Department since November 2019. Hopefully, we can ensure that we have a constructive dialogue.

The subject of transition payments is a major issue, as the Minister is aware, and it needs to be addressed. I do not welcome the Minister's remarks, because I do not think there was the necessary level of urgency concerning people's payments coming to an end. I am thinking of people receiving green low-carbon agri-environment scheme, GLAS, payments who are now wondering if they will get those payments in the early part of next year. I also refer to the confusion around the so-called rural environment protection scheme, REPS. Will the Minister update us on that scheme? Will it be a REPS scheme in the same way as previously or will it just have the same name while being completely different and much more convoluted? In November last year, the Minister stated that it was his view that "every farmer deserves and is entitled to be in an environmental scheme at any stage. We need to get away from the pattern that involves farmers being unable to enter new schemes for gap periods of two or three years after these five-year agreements come to an end". We need the Minister to follow through on what he said before his appointment.

Around the same time in November, he was incredibly critical of the Government's position on the Mercosur trade deal. The deal is still on the table at a time when very real threats

to the agricultural sector are posed by Brexit and Covid difficulties. Will the Minister indicate what his position is now? Will he will follow through on his demand to the then Minister that he must oppose any ratification of the Mercosur trade deal? I also ask him to specify what is happening with GLAS.

When the Minister mentioned that emergency measures have been introduced under the beef finishers scheme and the storage scheme, it struck me that the one set of farmers who have had no new scheme made available to them during the Covid period are the suckler farmers, who are the ones who need it the most. Next week, the budget will be announced. The Government is in a position to announce a new suckler cow scheme under which payments would be made directly to the farmers who are most beneficial to the environment and the rural economy. Does the Minister intend to ensure the Minister for Finance outlines a generous suckler payment?

I could raise a few more issues, but I will conclude by speaking about Brexit. I am conscious of the time constraints and I hope I can get back in later. The Minister said in his opening remarks that his Department has been preparing for Brexit for over four years. On 14 January 2019, he claimed that there was an “astonishing” lack of planning for Brexit by the Department of Agriculture, Food and the Marine. When did the Department start planning adequately? Is he confident that there are plans in place to protect Irish farmers in the event of a no-deal Brexit?

Deputy Danny Healy-Rae: Do I have four minutes?

Chairman: The Deputy has four minutes.

Deputy Danny Healy-Rae: Will the Minister reply after four minutes?

Chairman: No, after a round of questions the Minister will answer to everyone.

Deputy Danny Healy-Rae: All right. I congratulate the Chairman on his appointment as Chair. I also congratulate the Minister on his elevation. We gave a lot of days and evenings here in the last Dáil. We worked effectively together for the betterment of farming and agriculture.

We have been told that GLAS is being rolled over, which is a concern to the many people who are not in the scheme but are awaiting the new REPS. Is there any way for them to be accommodated? There are many of them out there. They are losing out with GLAS being rolled over. If the Minister could do anything for them, they would be greatly appreciative.

I ask for the age limit to be increased from 35 years to 40 years to qualify for the young trained farmer stamp duty relief. I ask because it has been a trend for the last number of years for young fellows to go abroad to try other things and to be a bit late coming back. Many of them now face a big cost in paying 7.5% stamp duty, which has increased. A farm is a big expense and a big undertaking. As we all know, what one reaps from farming is very small so it will take a long time to accumulate even the cost of the stamp duty.

Today, the fair deal scheme was raised with the Taoiseach in the Chamber. He gave a positive response in that it was to be dealt with before the end of the year. I want us to consider not assessing the value of the land. It is very unfair to put that massive cost on someone's payback in the fair deal scheme. It would cost a massive amount to pay 7.5% per year for three years on a farm, and not a very big one, valued between €400,000 and €500,000 and on top of the value of any house. That should not be the case; there are company directors in way stronger financial situations yet all that is reckonable for the fair deal scheme is the family home. It should be the same situation for farmers and I ask the Minister to consider the matter.

We want to get young people on to the land without imposing a savage burden on them. We could be talking about a wife with a young family who may be only trying to get her children through college or whatever. Farming is physically onerous work and farmers get hurt. Farmers are under physical pressure from the weather and different things to get their work done sometimes to the detriment of their health. I have made the following plea before but I shall do so again today. We must drop the need for assessing the value of a farm because it is the tool for work and we must not penalise that situation.

Senator Victor Boyhan: I congratulate the Chairman and Vice-Chairman on their appointment. I also warmly welcome the Minister to the meeting.

One might ask what is a fella like myself, who lives in Dún Laoghaire where I can look out at the sea, doing at a meeting of a Joint Committee on Agriculture and the Marine. First and foremost, my family are steeped in agriculture and horticulture coming from both the lovely Grangecon in County Wicklow, Fontstown in County Kildare, which has very famous landbanks, and of course Rathdowney in County Laois. I studied horticulture and was the beneficiary of a Department of Agriculture scholarship so I know the importance of apprenticeships and studying agriculture, horticulture and forestry. I would say to the Minister, while he has not touched on the matter today, that it is really important, in terms of accessing horticulture, agriculture and forestry, that we have synergies and partnerships and how we tap into people who wish to carry on these great professions. It is a challenge and it is a particular challenge for the Minister, whom I know and wish well.

Earlier the Minister talked about the CAP. I am conscious that the citizens of the EU expected CAP to make a strong contribution to caring for the environment and climate. Anyone who has studied CAP recently will have seen its new direction and know a great emphasis is placed on the environment and climate. Of course, there is the challenging dilemma of imposing new environmental constraints. It is important that CAP supports farmers to achieve the agroecological transition. Again, there is a heavy emphasis on greening in CAP and earlier the Minister mentioned “green architecture”. Quite obviously there is a challenge and there is a desire politically, nationally and across the member states to conserve and enhance biodiversity. We talk about rebalancing the food chain, climate change action, environmental care, preserving our landscapes and our biodiversity and supporting renewal along the River Shannon. There is also a great emphasis on food quality, health and maintaining vibrant rural communities and rural areas.

The Minister referred in his opening statement to ecosystems. We all know that the eco-schemes are focused on care of our environment and climate. The Minister said, “Perhaps the most significant issue for Ireland and some other member states is the potential loss of unspent funds when it comes to implementation of the eco-schemes under pillar 1.” Will he elaborate on that comment? There are opportunities to be taken if funding is being underspent. There may be deadlines and cut-off points but we should be tapping into those unspent moneys.

The Minister spoke about the challenges of devising a green architecture and noted that nothing is agreed until everything is agreed. There is a lot of work to be done in that area and I am interested to hear more about the direction in which he sees it going.

Other speakers have raised the issue of the suckler cow payment scheme. I will not say much about it other than to ask what the plans are in that regard. Another issue that everybody raises is what the plans might be for GLAS. I hope the Minister can address some of these points. I congratulate him on his appointment and wish him every success.

Deputy Michael Collins: I wish the Chairman and Vice Chairman the very best in their new roles. I am delighted to welcome the Minister to the committee and to wish him well in his brief.

I have several issues to raise. We have a new Government which we are told is a green Government. My first question relates to the organic sector and the fact that organic farming is, in effect, closed to small farmers. The scheme has been open for the past two years but from speaking to farmers, most of them have had their applications turned down. At a time when farmers are finding it difficult to survive, schemes like this offered a lifeline. Farmers are advised to apply for such schemes but, in this case, the door has been bolted tight. With the Green Party in government, I expect there will be a strong focus on this issue in the time ahead.

We have spoken in the past about the REP scheme. Has the Minister any timeline as to when a new scheme will be delivered? Will it be very much like GLAS or will we see a return to the original REP scheme, which was highly praised and was very beneficial to rural areas in terms of cleaning up areas and tidying up farms?

I would like to know the Minister's views on the Mercosur deal. It will be a bad deal for this country if it goes ahead in any shape or form.

The Minister said there is 20% of funding left under the CAP scheme for Ireland. I would like to know where that will be spent and whether there can be a refocusing on the old Leader programme. Are we ever going to return to a situation where local rural communities get funding and serious benefit out of the Leader programme? We should refocus on that, especially in the context of the new CAP.

On the meat factories, we do not want to see any of them shutting down but we certainly do not want to see any of the staff getting Covid while working there. Is rapid testing being done in the factories? I would like to see some supports for staff accommodation. That is an important issue because there are often several workers living in the same house, which could lead to a very serious situation.

In regard to fishing, the Minister referred in his opening statement to the tie-up scheme for fishing vessels. That scheme was very poorly received by the fishing industry. I read last week that if every vessel owner applied to get work done under it, there would be only €140 available per vessel. That tells us how poorly the scheme was executed. In regard to Brexit, what rights will Irish trawlers have in British waters after 1 January next year? Is there a possibility that foreign vessels leaving British waters will start to flood Irish waters? That is a very serious worry for the fishing industry. Can amendments be made to the statutory instrument that was recently signed by the Taoiseach, even at this stage?

Senator Tim Lombard: I congratulate the Minister on his appointment and wish him the very best of luck in his role. I spent last year sitting beside him at meetings of the agricultural committee of the last Oireachtas and I know he has deep knowledge of the industry.

I note the comments by the Minister in the media in recent weeks regarding the appointment of a food ombudsman and his expectation that such an office will play a major role in the future development of the industry. Will he elaborate on his views in this regard and indicate what legislation might be required? Does he believe that we should go further and look to what is being proposed by the EU in this regard? The industry will need an ombudsman with teeth, similar to what we have in the area of data protection. We need a regulator with the potential to

hold people in the sector properly to account. Appropriate legislation is required to ensure that happens. I am interested in the Minister's thoughts and views in this regard.

In regard to Covid-19 testing, there is a need for accountability in respect of communities being informed about where positive tests are happening. Unfortunately, I have seen in my own part of the world that rumours and counter-rumours often arise and people are living in fear because there is no clarity given as to where the positive cases are being found. I have spoken to Meat Industry Ireland about this issue. Might we have a scenario where that organisation could step up to the mark and inform the public and communities where the positive tests are happening? I would appreciate the Minister's views on this matter.

Regarding Brexit, the implications of decisions that are made in the next 12 weeks will be very serious for the agricultural community in this country. I have concerns about the European free trade agreement as it relates to the use of products from other jurisdictions in Irish produce. I am interested in particular in Irish dairy and whiskey products. An all-Ireland agreement will be required to ensure we get the derogation that is needed to the food supply chain requirements under the Paris Agreement. We have product coming from Northern Ireland that is going into product that is manufactured here. How that can be regulated in the context of a post-Brexit agreement and what can be done at this late stage to ensure that Irish products which include components from Northern Ireland manufacturers do not face the imposition of tariffs? If the Minister is not in a position to respond today, he might provide me with a note on it at a later date.

The legislation on climate change and climate action that was discussed at Cabinet today is very significant. I worked on the climate action committee of the last Oireachtas for four years. Agriculture has a major role to play in reaching our climate targets. Does the Minister have any concerns regarding the forthcoming legislation? What is his view on how the agriculture industry can play its role in reducing our carbon footprint into the future? It will have a major impact on how we sell our product. It could take ten years to evolve our traceability system. If one does not have traceability, one is not in the game. It is all about how efficient the sector can be in reducing carbon output. Will the Minister give his views on how we can work to ensure we reach our commitments in this area, which will have a major impact on our markets in the future?

My last point concerns calf exports, which was referred to by a previous speaker. This is a very important issue, especially in my part of the world. We are looking at increased numbers for exports of Friesian bull calves, in particular, next February, March and April. It is very important for the market that we get these animals off the island in a safe and proper manner. There is some confusion as to whether the regulations are changing in respect of the number of hours for which an animal can be in transit, whether feeding will be required and if other expenses will arise. Will the Minister get back to me on this in his own time, indicating how a suitable solution might be brought forward? We need to see the Friesian bull calves, in particular, being moved off the island as soon as we can. Any delay in that regard would have a major impact on the entire market.

Deputy Michael Fitzmaurice: I congratulate Senator Lombard on his appointment. I also congratulate the Minister and welcome him and his departmental officials, Mr. Savage and Ms McPhillips. I have some quick questions. Starting with Brexit, is there a tie-in between the Department of Agriculture, Food and the Marine and the Department of Transport? I refer to meat exports, haulage, sheep and cattle and the live export sector. In that context, is there liaison with ports? What are we looking at regarding tariffs? I know that animals on the hoof

will be cheaper. Is there concern that companies, such as ASDA, have announced that they are going to buy all British beef?

What tariff will be placed on sheep coming into the Republic from Northern Ireland? Are the witnesses concerned about the debate regarding animal health remedies, and, if so, when will they address it? The reality concerning the veterinary sector in the context of Brexit is that there is a danger that things will be smuggled across the Border, so we need to allow the veterinary shops to continue, even if there is only a derogation for ten years or something similar. Can the witnesses confirm why the Department did not support the project in Banagher, when we need as many such plants as possible? I refer to plants killing cattle, which will be of benefit to animals destined for China and other countries.

I also know that there are three or four protected geographical indication, PGI, status applications in now, but there seems to be a delay. One application concerns suckler natural Irish beef. Is there a lack of staff employed in the section looking after these applications?

Turning to the CAP, and Pillar 2, I supported the Minister when he was in opposition and when he spoke about suckler welfare and wanting to bring in a suckler scheme. Will such a scheme be coming in this budget? What measures will there be for sheep and tillage farming? Will there be an emphasis on young farmers? Like others, I would also like to hear the Minister's views regarding Mercosur and TAMS.

We will support every effort to get young farmers up and running and I would like to hear the Minister's thoughts in that regard. Basic entitlements are provided to them, but I see the presence of a loophole after year two. A person doing this must be a genuine farmer. In year two, however, a loophole means that it is possible to lease out the land associated with those entitlements and then the holders are not farming. We have to be blunt about this aspect and it must be addressed. It should not be possible to just get a lump of money one year, then lease out the land and not have to be farming after that. We need to nip that activity in the bud.

What is the Minister's view regarding convergence? Regarding the environmental schemes, the Minister has stated that the EU will reach a decision in this regard. Many farmers, however, have leased land, they are coming close to the end of those agreements and they do not know what to do. Moving on to Covid-19, we spray biocide substances on ourselves when we come in here and use more of them when we wash our hands. It is the Minister's Department that provides the associated pesticides control service, PCS, number. Why is there a six-month delay for companies trying to get that number? I noted that the Minister did not speak about forestry, but that topic was much commented upon last week. Is the Minister concerned that much of our timber is going to England? In the context of Brexit, when will that proposal be signed? In the first few weeks, if there is no signing, is the Government prepared to go further and drive this aspect on?

On *donedeal.ie*

and similar outlets, I have noticed this famous letter that went out to farmers and now they are advertising cattle that are "Top of the Pops" and as never having had a reactor. This is starting to show now when people are selling cattle. Will something be done to stop this practice? If not, we are going to end up with two different societies, including those trying to sell cattle on *donedeal.ie* or similar outlets.

Deputy Martin Browne: I congratulate the Chairman, the Vice Chairman, Senator Lom-

bard, and the Minister on their appointments. There is much uncertainty and worry abroad now. I would like to ask some questions in that regard, and many of them may have been touched on already. What discussions are taking place in the context of the possibility of another lockdown and a no-deal Brexit? How advanced are those discussions at this stage? Turning to the Brexit adjustment fund, do we know yet what proportion of that fund will be made available to Irish agriculture? What is the Minister going to do to ensure we get an adequate sum from that adjustment fund? We met with representatives from IBEC and they told us there is a requirement for massive investment in ports and customs facilities to keep Ireland open. How much have we invested in those aspects and what is being done now in that regard?

Turning to the long-term impact on trade between Ireland and the UK, it has been suggested that low-interest loans need to have the interest rate reduced. The IFA has suggested that the rate be 3%. Moving on to the CAP, will the funding of farm schemes remain in place while the CAP transition takes place? Will a new GLAS scheme be rolled out? There is uncertainty about that scheme until the new CAP scheme begins. Will the roll-out of GLAS impact the REPS?

What work is being done to ensure that farmers do not lose out due to shortfalls under Pillars 1 and 2, especially in the context of the unspent funds? Is it possible to target farmers with those unspent moneys? Deputy Fitzmaurice raised the matter of the vulnerable sectors. I refer to suckler and sheep farming especially. Those areas need higher direct payments to help them because they are being hit hard, and it is the same with tillage farmers.

Turning to testing in meat factories, that must be a priority, especially given the rising figures for Covid-19 cases. I do not take any great credit for this, but we found out about testing being suspended in factories previously. There should be no suspension of testing while the numbers of cases of Covid-19 are going up. To ensure that testing continues, it must be carried out by the HSE or the HSA and not by the factories. It was an absolute disgrace that there was a break of almost two weeks in testing in factories at a time when we all knew that there were massive clusters occurring. We hope that does not come back to haunt us and that the current rise did not originate in those factories. I ask the Minister to make some commitment that in future testing will no longer be undertaken by the factories themselves but that it will be done by a State body, such as the HSE or the HSA.

Chairman: A huge variety of questions have been posed to the Minister. They have all been to the point and pertinent to our industry and its future. If the committee was not impacted by the restrictions caused by Covid-19, we would definitely not be leaving this room in the timeframe that we will be this evening. I ask that the Minister, therefore, try to keep his answers as brief as possible because I am anxious that members will get a second chance to put more questions to him.

Deputy Charlie McConalogue: I thank the Chair and all the members of the committee for their good wishes and their comprehensive questions. The Chair asked about the meat plant in Banagher, and there was a later reference to it as well. The situation is that the Department is expecting a report to be submitted shortly and we will consider that when it is received.

Turning to the questions from Senator Paul Daly, he started by asking about the impact of Covid-19 on live exports. It is true that the drop in demand on the Continent for a veal this year has led to a reduction in live exports. That was balanced, somewhat but not fully, by the increase in live exports of older calves. It is certainly something that we will have to keep an eye on. The Senator also referred to the importance of maintaining marts and keeping them open.

The entire country will be moving to level 3 tonight on the five-level national scale. Marts will continue to operate as they did under level 2 according to the protocols already agreed with the local veterinary offices of the Department. I accept the Senator's point regarding the importance of marts and the role that they play. I also want to acknowledge the tremendous work that marts have done in implementing those operating protocols and in continuing to provide a service, which is working well, to the farming community during this time.

On the issue of whether departmental inspections under Covid-19 are holding back appeals, there is no backlog of inspections within the Department. I know Bord Bia has moved to online inspections over the period of Covid-19 and that has made a significant contribution.

On Brexit, the Senator mentioned the tripartite arrangements and the situation with horses from France. That is a concern in relation to the ongoing negotiations with Brexit and that tripartite agreement is important for the movement of horses. It will be subject to the outcome of Brexit but we will be doing all we can to try to ensure there is a positive outcome with it.

On CAP, the Senator asked what flexibilities there will be for the transition period and with regard to Covid-19 money as part of that transition. The transition regulations have not yet been fully agreed but it has been indicated that the potential will be there to roll over the existing schemes and that is something I will be prioritising. It is important, particularly in the year we are going into, that we have schemes continuing for farmers following on from the transition regulations. When we get the CAP strategic plans agreed, which will in all likelihood last for five years from the start of 2023, the new schemes will be fully fleshed and thrashed out. As we go into next year, it is important that farmers get a stability of income as well as of output and that significant outputs are achieved as a result of those schemes.

Deputy Carthy also brought up the issue of transitional payments and the importance of the existing schemes. That is something I agree on. I strongly feel it is important that we ensure there is a continuation and that there is not a gap in schemes. That is something I am working hard to try to achieve as part of the budget's Estimates process. That process still has to be concluded but it is my objective to ensure we continue those schemes in a strong and steady manner for farmers in the year ahead. The Deputy made the point that there should have been no gap years under the REP scheme. That speaks to the same point of the importance of continuing the schemes because they are important schemes for the incomes of farmers and they are also important in what they deliver for the public good, the environment and biodiversity. It will be a missed opportunity if farmers cannot participate in those schemes and contribute in that regard, as well as being paid for the work they are doing.

The Mercosur trade deal is something I have expressed real concern on from the beef point of view. We expect to receive an EU Commission impact assessment of that in the near future. That will inform how we approach this issue going forward. The key matter which has been raised is the fact that we cannot have a situation where anything that is not equivalent in standards is being stood over. Anything that is coming into the EU cannot be of a lower standard from a quality and an environmental point of view than what we are producing here. That is an essential qualification for how the Mercosur deal will be considered.

On Covid-19 and support for the suckler sector in the form of a payment, I want to say that our beef sector is an important one and I previously outlined the importance of continuing the supports that are there and working to try to ensure we support the sector.

Going forward, we will have two transitional years while we are moving from the previous

CAP to the next one. A great deal of engagement and consideration will be required around the issue of how we will support incomes in the suckler sector in terms of the new CAP strategic plan. I welcome the committee's input and considerations in that regard. Coming up to this budget, it is important that we continue to support the schemes that are in place and that is a priority.

On Brexit, the Deputy mentioned plans to protect farmers. That is a consideration that we are engaging with the Government on in terms of the Estimates process. It is essential that we have contingency plans in place for a potential no-deal Brexit and the budget has been framed in the context that a no-deal Brexit is the base consideration. In terms of the national Exchequer, we are engaging with the Minister for Public Expenditure and Reform, Deputy Michael McGrath and the Minister for Finance, Deputy Donohoe, in that regard. From the European side of things and the Brexit adjustment fund, €5 billion was put aside for the potential for Brexit adjustments. That is essential in the event of a shock to the system and of a good deal not being the outcome, which is our objective. We would get a significant proportion of that fund and we would be in a position to fully support our agrifood sector during that period, with the undoubted change and shock that would ensue.

Deputy Danny Healy-Rae mentioned the GLAS scheme and the importance of same. That is something I have touched on and that I concur with. He mentioned the fair deal scheme as well and as he said, it was something which was addressed in the Dáil today and to which the Taoiseach responded. I am working with the Minister of State at the Department of Health, Deputy Butler, and I will liaise with her on it. I know it is a scheme she is keen to progress. On the importance of supports for young farmers, I note the Deputy's emphasis on that and on the importance of supporting them. As we bring in the next CAP, supports to encourage generational renewal will be important.

Senator Boyhan mentioned the need to encourage horticulture and forestry. Both of those are key objectives in the programme for Government. As we move forward, year on year we will want to see both of those sectors growing and developing. The forestry sector has significant potential to contribute to our climate change objectives in carbon capture, in broadening out the type of forestry we are planting, in increasing the plantations of native species and in agroforestry.

On the common agricultural policy, the Senator touched on the importance of supporting farmers in completing the green transition. When one looks at the backdrop to the CAP, our objectives are to try to ensure that everything we do is done in a sustainable way and in a way that has consideration of its full impact on biodiversity and on the environment. The next CAP will be framed in that context and it is important that it will be intelligently structured to ensure that the way we produce food in this country and across Europe is done in a manner that considers all aspects and contributes to all objectives in improving the environment and biodiversity, while at the same time ensuring that incomes are supported, maintained and protected.

The Senator mentioned the eco-scheme and the point I referred to in my opening contribution on the potential for funds to be lost from same. The new CAP proposals from the European Commission outline that an eco-scheme would be mandatory as part of Pillar 1. It is not clear yet whether there would be a minimum percentage of funds that would be allocated to that eco-scheme within Pillar 1 but we have a real concern, which I strongly expressed at the AGRIFISH Council meeting last month, and we need to ensure that funds are not lost in the process. Under the current proposals, if the take-up of the eco-scheme in pillar 1 among farmers was not as expected, the funds not used within pillar 1 would revert to the European level and would not

remain in the Irish envelope. I would not like to see that happen and I want to ensure it does not. We want to encourage farmers into the eco-scheme in pillar 1 so we will have to ensure it is attractive to them. We have to bear in mind that we do not want the funds to be lost and ensure they go towards the objectives of achieving environmental outcomes while delivering incomes for farmers in the process.

The Senator also mentioned the importance of supporting the suckler sector and asked about plans with regard to the green, low-carbon, agri-environment scheme, GLAS. As I outlined, it is important that we continue to support the existing schemes during the transition period.

Deputy Michael Collins mentioned the organic scheme for small farmers. Increasing our organic footprint and the number of farmers involved in organic schemes is a key commitment in the programme for Government and we will be keeping a keen eye on this as we develop our policies and the various budgets the Government will produce. The Deputy asked about the timeline for the rural environment protection scheme, REPS, and what that scheme will look like. We are looking at commencing a pilot REPS next year. We are looking at options in that regard within the Department and I am discussing funding for it in great depth with my Government colleagues. The Deputy also mentioned the Mercosur deal, which I have covered.

I mentioned that there was 20% yet to be spent within the rural development programme. It has already been indicated where it will go; it is now a matter of making sure it is fully drawn down. The country always draws it down in full and it is important and absolutely essential that we do. As I mentioned in my opening remarks, while we have drawn down 80% so far, the European average is 60%. This speaks to the fact that we have a very strong record in ensuring that these funds are fully spent, which is important.

Deputy Michael Collins also mentioned fishing in the context of Brexit. He is absolutely correct with regard to the real concerns that have been raised, particularly in recent days as we have seen the rhetoric increase with regards to the negotiations and the UK Government indicating that it will seek to make gains in this area. We are very strong in our position on the importance of our fisheries sector and ensuring that is protected in the talks as they come, it is to be hoped, to a successful conclusion.

The Deputy also mentioned the statutory instrument on the introduction of penalty points, which was debated in the Dáil last week. We debated this in great detail. It goes back to an EU regulation introduced in 2012. This obliged all EU maritime nations to ensure they had a penalty points system in place to oversee vessels, whether Irish or international, fishing within their waters. We were the only country which had not yet implemented a penalty points system and our funding from Europe was being decreased by way of a fine for that reason. As a result, the taxpayer would have had to pay up if we did not address the issue. I know the fishing sector had concerns about the new system. There had been a lot of engagement in that regard.

A number of amendments were proposed by my own party following the Dáil debate on the previous statutory instrument in 2018. We considered whether those amendments could be incorporated into a penalty points system while remaining compliant with our obligations under the EU regulations we had to implement. Two amendments were accommodated in the new statutory instrument but we were unable to accommodate the others while remaining compliant with our obligations. I have told the fish producer organisations that I am open to any submissions or suggestions they wish to make to me as regards how we could remain compliant while accommodating any suggested changes. My door is open to discussing these matters with them but the bottom line is that we have to comply with our obligation to introduce a penalty points

system. Very serious thought and consideration went into the issue, which led to the statutory instrument now being put in place.

Senator Lombard mentioned plans for a food ombudsman. That is certainly a key priority of mine. In the past year to 18 months in particular, we have seen the challenges that arise when there is a lack of trust in the food supply chain. This led to blockades of factories and very significant conflict between producers and the processing sector. I am determined to address this issue by increasing transparency as to how price margins are overseen and the intelligence in that regard. We are obliged to transpose directives on unfair trading from EU level to national level by the middle of next year. I intend to give a food ombudsman responsibility in that area as well as responsibility in the areas of pricing and transparency so that we can oversee margins, shine a light on matters and ensure that, as far as possible, farmers get a fair price domestically given the prices available on the international markets to which we export. We export 90% of all our beef, so we are very dependent on the prices available internationally. The crucial thing is to ensure that price is returned, in the best way possible, to our primary producers.

The Senator also mentioned serial testing for Covid and accountability where cases are found. That is a matter for public health authorities. All businesses have similar responsibilities in that regard. Communication around, and the management of, such cases are led by public health authorities.

He also mentioned a European free trade agreement and how that might impact on Northern Ireland and Republic of Ireland produce. That requires further examination with regard to rules of origin and free trade agreements between the EU and third countries. It is certainly a complication arising from Brexit. I have engaged with affected companies on the matter and I will continue to engage with them in detail in that regard.

The Senator also mentioned the climate legislation discussed at Cabinet today, which we plan to publish this week. As he will know, the Government's approach is clearly outlined in the programme for Government. Between now and 2030 we will seek to achieve an overall reduction in emissions of 7%. We are also signed up to the European Union 2050 obligations and the UN and Paris Agreement obligations. The programme for Government makes clear that full account has to be taken of the important economic and social role of agriculture in approaching these obligations. We must also take into account the scientific evidence from the Intergovernmental Panel on Climate Change with regard to the particular effects of biogenic methane. I can confirm that the legislation is consistent with the programme for Government commitments in that regard.

The Senator mentioned the importance of calf exports. I absolutely agree that they form a very important outlet for our beef market. It is important that, in managing our dairy herds, there be much more circular thinking with regard to the food supply chain, breeding and the progeny of the dairy herd. We need to have an eye to its value from a beef perspective. It is very important that this be given consideration in future and that more attention is given to it.

Deputy Fitzmaurice asked about Brexit and the engagement between the Department of Agriculture, Food and the Marine and the Department of Transport on live exports. That is something the EU is teasing out in terms of its engagement with the UK, but it is something on which we have given considerable thought with our European partners. He also mentioned tariffs on cattle and sheep. That is entirely dependent on the nature of the free trade agreement that comes out of the negotiations. Our hope is that it would be tariff-free and quota-free. The withdrawal agreement and the Northern Ireland protocol provide for one island from a food

point of view and that it would be tariff-free as well.

The Deputy also mentioned the Banagher project. I replied earlier to Deputy Cahill's question on the same issue and stated that the Department will consider submissions, which it expects to arrive in the near future. Deputy Fitzmaurice mentioned the PGI applications and the potential delays in that regard. It is something on which we have seen progress in the past year or two and it offers great potential for the period ahead. Any PGI applications that have been made are receiving consideration from the Department. The Deputy will also be aware of the very significant engagement at the moment by the beef market task force on the PGI proposal being put forward by Bord Bia. That is something on which it is important that all farm organisations would liaise because, ultimately, PGI status will require farmers being fully behind it, but industry and the State must also work as one in terms of promoting it and ensuring it results in as much of a premium as possible when produce is sold.

Deputy Fitzmaurice also mentioned suckler cow supports, which I touched on earlier in terms of the importance of supporting the sector during the transition period, in particular how it is done as part of the next CAP strategic plan and likewise with schemes such as the young farmers and TAMS regarding convergence. The Deputy will be aware that the European Commission has indicated that over the course of the next CAP programme that would move to 75%. That is something we would fully support. There is a wider issue and discussion to be had on whether that would go any further and that is something on which I will engage and discuss broadly before any decision is made in that regard.

There is a delay in the Department with the PCS numbers for sanitisation, which arose because of the increased number of applications for such products due to Covid. Additional staff have been allocated to deal with the task and the Department will do its best to address the backlog.

As Deputy Fitzmaurice is aware, forestry and timber is something we have given a lot of attention to in recent weeks. Significant issues have arisen due to the backlog of licences and that is something we hope the legislation will resolve. I acknowledge the co-operation of parties and Independent Members as well in terms of facilitating the discussion of the legislation in the Dáil and Seanad in the past two weeks. I also acknowledge the co-operation of the Chair of the committee in that regard.

Deputy Fitzmaurice also raised the TB categorisation of animals. I called on the TB forum to discuss it last week and we had a very constructive discussion. I have also sought bilateral meetings between the farming organisations and the Department to discuss the issue further. It is important that we would now ensure a new TB strategy is developed in the coming weeks because the recent increase in the number of TB infections is causing tremendous hardship on farms, is leading to significant income loss and is also costing the State significantly. The projection is that over the next ten years, for example, the TB scheme would cost the State €1 billion. We could do a lot of things with €1 billion in the farming sector, but as it stands we will spend €1 billion on the TB testing and eradication scheme. That is a very significant spend. Given the level of investment that is being made, we need the scheme to achieve a reduction in the numbers rather than the numbers going up. The numbers had reduced significantly previously but in the past two to three years they have been going in the opposite direction. A concerted effort is required by all, led by farmers, to address that.

I thank Deputy Martin Browne for his questions. He referred to the importance of us getting our share of the Brexit adjustment fund. I fully concur with that. It will be a key priority of

mine to ensure that happens. The Deputy also mentioned the importance of GLAS and whether it will be replaced by the REP scheme. The REP scheme will be the successor to the GLAS scheme. It is a key commitment under the programme for Government that we would introduce a scheme that would not only contribute to incomes but would also be a key driver in terms of environmental outcomes and also helping with biodiversity. My key priority is to ensure that we would continue to have people on schemes while developing a REPS pilot scheme which would then be fully up and running as part of the new CAP programme.

Deputy Martin Browne also mentioned the importance of suckler cow and sheep supports and the need for those sectors to be supported. I concur with that and I will take what he said on board. The Deputy also mentioned the importance of Covid testing as well. That is something that is continuing and it is important that it does and that best practice is being followed. SIPTU is working with Meat Industry Ireland to put arrangements in place. The HSA is overseeing that with unannounced inspections to ensure there is confidence and that everything that can be done is being done to keep employees safe and to ensure that the meat sector and the food processing sector continue to do their essential work and ensure everybody is fed not only domestically but internationally with the food we grow and produce domestically.

Chairman: Given the restrictions in the time available I propose to allow each member a minute to question the Minister again and he can respond directly. Members can seek clarification or ask fresh questions as they wish. I will make two points before calling members.

The Minister mentioned Teagasc and the value of the progeny coming from the dairy herd. He might give a bit of direction to Teagasc because nearly all its research farms at the moment are devoted to cross-breeds. When the committee visited a Teagasc centre last January 12 months I nearly got devoured for suggesting that its breeding policy was not correct and it has not been altered since. Teagasc must focus on what we want to see coming from our dairy herd in the future. The economic breeding index, EBI, system does not take any account of the carcass value of the culled cow leaving the dairy herd or the value of the calf leaving the dairy herd. The EBI is very much biased in favour of the cross-breed, with all the focus on kilos per hectare and no emphasis on the beef value that is coming out of the dairy herd as well. A bit of direction to Teagasc in that regard would not go astray.

I seek clarification on another point before I open the discussion to members. Will the Minister specifically indicate whether TAMS will be rolled over on 31 December? Will it be open for applications or will a new scheme be in place on 1 January? We are getting a lot of inquiries at the moment from people with investment decisions to make who are interested in finding out how TAMS will be dealt with. That is hugely important for the investment that is needed out there. I ask the Minister to provide clarification on those points. I will open the discussion to the floor.

Senator Tim Lombard: I will be as brief as I can. I have a new question for the Minister. My question concerns the Department's role in clarifying what I would describe as misguided information. I refer to a programme that is currently on RTÉ, namely, "What Planet are You On?". There have been three episodes of the programme to date and there is one more to come. It is creating a ferocious furore in the agricultural sector. Its anti-meat stance is beyond belief. What role does the Department of Agriculture, Food and the Marine have in this debate? This is a national broadcaster, paid for by licence fees. There is a conversation, particularly in rural Ireland, about this programme going unchecked, and it is beyond belief at this stage. I appeal to the Minister to get directly involved with the debate as there is appalling misinformation out there. We need a counterbalance as otherwise this could be like one of those celebrity shows

where the challenge is not to drink water or points are gained for not showering or eating meat. It is a bizarre programme in many ways and it is doing major damage to the good work being done, particularly by rural people with agricultural operations. I appeal to the Minister and his Department's communications network to get involved.

Deputy Charlie McConalogue: The Chairman spoke about the progeny of the dairy herd and it is something we must address. There must be consideration given in breeding to all aspects of what is being produced and ensuring it is not just about the milk side of things. Beef potential must also be considered. It is certainly something I know the Chairman has raised with the committee before and whenever I engage with Teagasc and the dairy sector as well, I will be making it very clear that we must look at the system in the round. Bull calves are being bred on dairy farms but they do not produce much milk, so it is essential they can produce beef. It is really important for this to be taken into consideration.

The targeted agricultural modernisation schemes are currently under consideration and I take on board the comments about their importance. This is a really important scheme and it will have an important role in future. I am engaging on the possibility of its continuation in the Estimates process for the budget.

Senator Lombard spoke about an RTÉ programme. The Department does not have any role in what is broadcast by the national public service broadcaster. The Senator mentioned the need for debate and he is certainly doing his part in raising the matter here. It is essential that all commentary is balanced. The national broadcaster might take account of the approach being taken by the Department of Agriculture, Food and the Marine in the production of sustainable and healthy food. It may also take account of the European objective of ensuring that food is produced in an environmentally sensitive way. The broadcaster must also emphasise to people the importance of eating a balanced diet and the role of meat, dairy and vegetables, among all produce, in that regard. Anything other than that would not be balanced and it should be called out as such.

Deputy Michael Collins: I thank the Minister for the replies. There have been many questions, in fairness, and I appreciate that he got through nearly all of them.

There has been mention of the new Common Agricultural Policy but is there any possibility we might have a new LEADER programme? Over the past couple of years this has been a disaster, to say the least, in comparison with what we had in previous years, when there was a bottom-up and community-led approach. There have been changes in the roll-out and it has been a very weak LEADER to promote.

I respect that we will have no rights as to what will happen in British waters after Brexit but should we not have some rights over our own waters? The worry of the fishing industry, which I share, is that the vessels booted out of British waters will turn to Irish waters. How will we protect our waters when that happens?

Deputy Charlie McConalogue: The LEADER funding comes under the rural development programme within the CAP. As the Deputy knows as well as I do, this makes a massive contribution to the rural economy, supporting new ideas, farm diversification, rural business and the economy. It will be essential and the intention is that there would be a very substantial LEADER programme in the next rural development programme. It is important that this is structured in a way that involves local community input. This will be discussed and considered as part of the next CAP.

The Deputy makes a fair point on the fishery waters matter. We are part of the Common Fisheries Policy and the best way to ensure our share from our waters and international waters is maintained is the right outcome from the Brexit negotiations. I assure the Deputy we will do everything at a Government level to protect the interests of Irish fishermen in that process in the weeks ahead.

Deputy Matt Carthy: I thank the Minister for his comprehensive replies. I cannot say I am happy with all of them and if I closed my eyes, I might have thought I was listening to the former Minister, Deputy Creed, in a number of areas. I am incredibly disappointed with the Minister's response on Mercosur suggesting we need an assessment to tell us what will happen if we import an additional 100,000 tonnes of beef from South America to the European Union when Brexit is hanging over us. The notion that there could be any equivalence of standards in places where they are literally chopping down rainforests in order to create more room for rearing beef cattle is crazy. There may be an equivalence in the end product but there could be no equivalence in the standards of production.

Senator Lombard's point on the promotion of beef is important but this should take in the promotion of more sustainable production of beef. There has been a problem in this country as all beef production is seen as the same; the beef coming off the hills and fields of rural communities reared by suckler farmers is seen as equal to the beef coming from factory feed lots. It is damaging the reputation of Irish beef. I ask the Minister to stand up for Irish beef but also for natural beef cattle raised on Irish family farms. It is the best product of its type in the world and we do not do enough to promote it because we try to equate it with other beef production methods in this country that are not as sustainable or, quite frankly, not as good a product.

Deputy Charlie McConalogue: With the Mercosur agreement, it is absolutely appropriate that a clear and evidence-based impact assessment would be done to inform how we proceed. It is an appropriate way to go forward and make an argument at the European level about our concerns. With respect to equivalence of standards, it is essential that there is reference to how the beef should be sustainably produced and the impact on the environment. All of society expects us to meet our obligations and farmers are very much up for the idea of producing beef sustainably, so it is not acceptable for beef to be introduced from countries that do not follow those standards. It is something that must be central to the consideration of the Mercosur agreement.

As I outlined in my comments, we have a tremendous beef product and it is proudly served in restaurants and stacked on shelves and family fridges across the world. It is important we do all we can to advertise that, support it and look at the idea of protected geographical indication, PGI, status in order to better market it internationally. The Deputy can be sure that I will, as Minister for Agriculture, Food and the Marine, do all I can to support the sector, including farmers and producers in particular.

Deputy Michael Fitzmaurice: I have a few quick questions. Why has the Department not got somebody like Dr. Frank Mitloehner to do studies on grass sequestration, as the agriculture sector remains a whipping boy in this regard? There is propaganda and I started looking at the RTÉ programme the other evening but I just turned it off. People are being paid to say that we should not drink milk or eat meat. It is pure propaganda. There seems to be an imbalance in journalism when it comes to agriculture. Why have we not given money to somebody like Dr. Frank Mitloehner to perform the research to show the sequestration that is involved?

The Minister did not refer to animal health remedies. Is he going to give a derogation to veterinary suppliers? That issue is coming around the corner. He did not comment on Asda and

the fact that it will be using only English beef. I ask him to clarify whether he will be introducing a suckler scheme in the next two years or is he going to continue with what is there and not introduce such a scheme?

Deputy Charlie McConalogue: I thank Deputy Fitzmaurice. Regarding our grass-based system, we will be providing funding for research into how to do things more sustainably in the years ahead. Our grass-based system is being advertised and marketed internationally. The idea behind the PGI proposal is to be able to advertise what we produce domestically in overseas markets. It is a significant part of how Irish beef produce is already viewed.

On animal health remedies, an EU derogation had been in place for anthelmintics on the basis that resistance was not building up. That exemption is only available as long as it can be shown that there are no resistance issues with particular products. The scientific assessments at domestic level in the last year or two have shown that there are resistance issues related to a number of products. This means that the derogation, which we had the discretion to avail of up to now, is not open to us currently. We do not have national discretion to decide on this. It is a significant issue. Our licensed merchants are very concerned about it, and I will work with them to come up with possible solutions. A stakeholders committee has been established to look into it. The committee met for the second time a couple of weeks ago and is doing important work in the area. I recognise the concerns around the issue and the Department will work with people on it.

On Asda and the issue of who buys Irish beef, we do not have control over who buys or stocks our beef. All we can do is ensure that we are producing beef of the highest quality. Internationally and within the UK market, Irish beef is very highly regarded. Having said that, it is not stocked on the shelves of all multiples but we are making continuous efforts to change that.

I want to ensure that the suckler sector is supported. During the transition period, our focus will obviously be on maintaining existing schemes and supports. I want to make sure that we can support the sector in the context of the new CAP. We will be consulting widely on the nature of any scheme that would be put in place and are very open to hearing the views of Deputy Fitzmaurice in that regard. It is important to ensure that the suckler sector, which has been under enormous pressure in recent times, is supported.

Senator Paul Daly: I thank the Minister for his comprehensive answers. What is the situation in the context of Brexit, with *de minimis* and state aid rules? Have there been any negotiations with Europe on pumping support into particular sectors, if necessary, once the outcome of Brexit is known? Will we be hindered in any way in supporting any particular sectors by *de minimis* or state aid rules? Have there been any negotiations in this regard with our EU partners?

Deputy Charlie McConalogue: There has been progress in this regard. Previously the threshold for *de minimis* aid was €15,000 over three years but that has been increased to €25,000 over three years. It has been increased recently so there is significant capacity there now to put schemes and contingencies in place to support particular sectors.

Deputy Martin Browne: Farmers have been affected by the Covid-19 crisis in terms of their income and their ability to trade. This, coupled with the wet summer and various other issues, means that income volatility has worsened for many. This is also an issue in the context of the reduced CAP budget. Is there a long-term plan to address income volatility? The Irish Creamery Milk Suppliers Association, ICMSA, has proposed a farm management deposit scheme. Has the Department examined that proposal?

Deputy Charlie McConalogue: I thank Deputy Browne for his question. Income volatility is a significant issue for farmers, particularly in recent years. The industry is turning its attention to the issue and needs to do so in order to provide tools to the farming community that are practical and that work. The Irish Co-operative Organisation Society, ICOS and the ICMSA have put forward proposals on ways to set aside and then equalise income over a number of years. I met those organisations recently to discuss their proposals and my Department is engaging on this in the context of budget discussions. Obviously I cannot give any commitment now on how that will work out but it is certainly being very closely examined.

Chairman: On behalf of the committee, I thank the Minister for attending this afternoon. We have heard in detail of the issues and challenges posed by Covid-19, Brexit and CAP. We look forward to working with the Minister and wish him well in his management of this key portfolio. I also thank the departmental officials for their attendance today. As the questions posed demonstrate, there is a wide range of issues of concern in this sector.

That concludes our business in public session. I propose that we meet briefly in private session to deal with the minutes of last week's meeting and agree dates for meetings between now and the end of October. I also want to brief the committee on the outcome of yesterday's ICM which I attended remotely. Is that agreed? Agreed.

The joint committee met in private session at 5.57 p.m. and adjourned at 6.10 p.m. until 7 p.m. on Wednesday, 14 October 2020.