

# DÁIL ÉIREANN

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## AN COMHCHOISTE UM THALMHAÍOCHT, BIA AGUS MUIR

## JOINT COMMITTEE ON AGRICULTURE, FOOD AND THE MARINE

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*Dé Máirt, 19 Meitheamh 2018*

*Tuesday, 19 June 2018*

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Tháinig an Comhchoiste le chéile ag 3.30 p.m.

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The Joint Committee met at 3.30 p.m.

Comhaltaí a bhí i láthair / Members present:

Teachtaí Dála / Deputies	Seanadóirí / Senators
Jackie Cahill,	Paul Daly,
Martin Kenny,	Pádraig Mac Lochlainn,
Charlie McConalogue,	Michelle Mulherin.
Willie Penrose.	

I láthair / In attendance: Senator Anthony Lawlor.

Teachta / Deputy Pat Deering sa Chathaoir / in the Chair.

### **Business of Joint Committee**

**Chairman:** We are in public session. I remind members to make sure mobile phones are completely turned off. I propose to go into private session before resuming in public session. Is that agreed? Agreed.

*The joint committee went into private session at 3.39 p.m., suspended at 3.57 p.m. and resumed in public session at 3.59 p.m.*

### **Electronic Identification of Sheep: Discussion**

**Chairman:** I remind members and witnesses to ensure that their mobile phones are turned off. We have witnesses from the Department of Agriculture, Food and the Marine and Meat Industry Ireland. I welcome Mr. Martin Blake, chief veterinary officer, Ms Paula Barry Walsh, deputy chief veterinary officer, Mr. Martin Farrell, principal officer and Ms Maria Dunne, principal officer from the Department of Agriculture, Food and the Marine. I welcome the representatives from Meat Industry Ireland, Mr. Philip Carroll, Chairman and Mr. Cormac Healy, senior director. I thank the witnesses for appearing before the meeting today to discuss the electronic identification of sheep. We are aware that new regulations requiring that all sheep be electronically tagged are due to come into effect in October. The purpose of today's meeting is to discuss the changes, the background and the concerns raised by farmers and the measures in place to support the changeover to an entirely electronic process.

Before I begin I want to bring to the attention of those present the matter of privilege. Witnesses are protected by absolute privilege in respect of the evidence they give to the committee. However, if they are directed by the committee to cease giving evidence in relation to a particular matter and they continue to do so, they are entitled thereafter only to a qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and they are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise nor make charges against any person or entities by name in such a way as to make him or her identifiable. Members are reminded 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 House, or an official either by name or in such a way as to make him or her identifiable.

I understand Mr. Blake will make the initial statement.

**Mr. Martin Blake:** I thank the Chairman for the invitation and I welcome the opportunity to attend. I am accompanied by Ms Paula Barry Walsh, deputy chief veterinary officer; Mr. Martin Farrell, principal officer in animal identification and movement division; and Ms Maria Dunne, principal officer in meat and milk policy divisions.

I propose briefly to set out the objectives of a sheep identification and traceability system, reflect on the current system in place and set out the rationale for change. In addition, I will describe the proposed new arrangements and outline the benefits and costs that are associated

with these new proposals.

The ability to identify and trace animals is critical from an animal health, food safety and animal welfare perspective. Systems like this support the development of and the veracity of assurances associated with animal and herd health programmes; support disease control activities, including trace back and trace forward; support food safety assurances in areas such as food-chain information and trace back and trace forward in respect of biological, chemical or environmental contaminants in the food chain; and bring accountability in respect of animal welfare.

Traceability is, therefore, important from the individual farmer's perspective in protecting and promoting his or her own within farm interests and at industry and indeed societal level, where the actions of one or a few can jeopardise the industry and, indeed, society as a whole. Good identification and traceability systems support the optimisation of productivity at farm level in areas such as breeding, nutrition, animal health and animal welfare and at industry and societal level in meeting consumers', both domestic and international, and citizens' expectations regarding food safety, traceability and quality. It also supports targeting and optimising the deployment of resources in risk management interventions by the industry players and also by the State. The advancement of new technologies in recent years provides newer and better tools to support these objectives.

The current system we have in place for identification and traceability of sheep goes back to 2010. It is grounded in Council Regulation (EC) No. 21/2004. The default position is that sheep must be identified using an electronic identification, EID, system, that is, either an EID tag or a bolus set. However, there is a derogation available for member states where they may authorise an alternative system in respect of sheep less than 12 months of age that are intended for slaughter and that are not intended for intra-community trade or for export to third countries. The derogated alternative system is expected to deliver the equivalent levels of assurance regarding traceability.

To summarise, sheep must be identified by the age of nine months, or six months in intensive sheep production facilities, or when leaving the holding; be identified with an EID set on reaching 12 months of age; have an EID set of tags if they are presented for slaughter, irrespective of age; by way of derogation they may be identified by way of a single slaughter tag, if less than 12 months of age, where they are moving directly from the holding of origin to slaughter plant; and by way of derogation, they may be identified with a single mart tag, if less than 12 months of age, where being sold at a mart. That is the current system.

A number of further scenarios play out in respect of the animals sold at marts depending on their future destination. This depends on whether they are going for slaughter, further fattening or breeding. There are also further additional requirements in respect of loss of tags, in differing circumstances, and in relation to imported animals.

With regard to accompanying documentation, the Department provides specific dispatch documents to individual registered flock owners. This is pre-printed with name, address, flock number and flock identifier, which must be used for any movement of sheep off farm. It is necessary that the individual 12 digit number of all sheep being moved is clearly and legibly entered on to the document. This includes the necessary food-chain information declaration that must be signed by the farmer.

In addition, all flock owners are required to maintain a flock register in which they record

the date of tagging, movements onto and off the farm, replacement tags and on-farm deaths. The system is complex, with multiple and different scenarios associated with the movement and trading of sheep, which gave rise to the Department to produce a 44 page step by step guide, which was provided some years back.

Moving on to the rationale for change, the current system necessitates the manual transcription of a series of individual 12 digit tag numbers at each point of transaction along the supply chain. This provides a significant ongoing challenge in the context of an effective traceability system. The challenges posed have been recognised over years, with a number of instances relating to animal health, environmental contamination and animal medicines, posing particular difficulties for the Department and, therefore, for the industry in tracing back and forward along the supply chain. While the events in question were all dealt with and eventually contained, the system was found to be particularly ineffective and raised specific concerns in the context of the country's ability to effectively deal with a widespread food safety event or a widespread contagious exotic disease. A number of internal and external audits have also highlighted concerns about the effectiveness of the current system.

Further issues arise in the context of the single farm payment inspections, where numerous non-compliances, potentially contributing to the application of penalties, have been identified due to errors in the accuracy or correctness of data recorded in dispatch documents or flock registers.

The Department has also experienced increased detailed inquiries from countries with which we have been seeking to develop market access for Irish sheepmeat, in relation to identification and traceability of sheep. It is clear to us that the increased focus on the effectiveness and robustness of traceability from a food safety perspective by these countries is informed by systems that other potential supply countries have in place. These issues have informed commitments in a number of strategic documents which all signalled the need to improve the current system. There is a commitment in A Programme for a Partnership Government to strengthen food safety and traceability and maintain at highest standards. The FoodWise industry document commits to underpin and further improve Ireland's sheep traceability system and the National Farmed Animal Health Strategy commits to further develop and improve the sheep identification system to better support animal health and food safety assurances and controls.

The main elements of the proposed new arrangement may be summarised as follows: the extension of the requirement for EID to all sheep as the standard default position; the implementation of a derogation in respect of sheep less than 12 months of age moving directly from holding of origin to slaughter, which would require a single EID tag rather than an EID set; marts and slaughter plants to act as central points of recording, CPR, thus removing the administrative burden on farmers to transcribe the individual 12 digit tag numbers of each sheep onto the dispatch documents; and the use of a single colour tag to better enable the upgrading of animals if they are kept for breeding rather than going for slaughter.

The benefits and costs of the new arrangements can be summarised along the following lines. It will definitely simplify the system, with reduced complexity associated with tag types and re-tagging of animals currently. The electronic capture of data will provide readable and accurate records, thus enabling real traceability in respect of the identity of sheep moved. There will be a reduced administrative burden on farmers in completing dispatch documents where they only have to insert the total number of sheep rather than having to transcribe each individual sheep tag number. There will be a reduction in errors for farmers at farm level, which currently contribute to penalties under the single farm payment scheme. There will be a re-

duced burden on farmers purchasing breeding sheep less than 12 months of age at marts, as the animals will already be identified electronically, and there will be no need for further re-identification when they reach 12 months of age. It will provide a robust on-farm infrastructural tool across the industry that can be leveraged in areas such as breeding, nutrition and animal health to maximise on-farm productivity. There will be a reduced administrative burden on marts in that all sheep arriving will be identified electronically. There will be a reduced administrative burden and errors for dealers purchasing animals at marts for further feeding, as they will all be identified electronically, and there will be no need for further re-identification. There will be a reduced administrative burden for slaughter plants in that all sheep arriving for slaughter will be identified electronically. Critically, it will improve the industry's and the State's capacity to effectively respond in a timely, targeted, focused and accurate way to critical animal health and food safety incidents and events. It will underpin the country's capability in relation to animal health strategies in the context of animal health programmes, surveillance and control. It will provide the industry with a robust, effective and verifiable traceability system, which can stand scrutiny nationally and internationally from a food safety assurance perspective. It will facilitate the Department, acting on behalf of the industry, in engaging more proactively in seeking and achieving new market access for Irish sheep and sheep products.

In order to achieve these benefits there are, indeed, additional costs for the industry. Farmers will incur extra costs associated with EID tags. For instance, it can be seen in the marketplace at the moment that the marginal cost of an EID tag over a conventional tag is in the region 75 cent. Marts and slaughter plants will need to invest in technology and infrastructure in order to be in a position to act as central points of recording.

Recognising, in particular, the upfront cost to farmers, the Minister has announced a once-off support payment of up to €50 per farmer to assist in the transition from purchasing conventional tags to buying EID tags. It is estimated that this will cost the Exchequer up to €2 million.

In addition, the purchase of electronic identification readers and associated software has been included as a measure supported under the targeted agricultural modernisation scheme, TAMS. This is budgeted to cost in the region of €1 million. While tag readers are not essential in the management of a sheep flock, they are invaluable if a farmer seeks to leverage the benefit of EID in effective management, be it in relation to breeding, nutrition, health or husbandry of his or her flock. This specific support is additional to the sheep welfare scheme, which provides further targeted direct support to the sheep sector in the region of €19 million which falls to be paid in respect of 2017. I mention in the context of the knowledge transfer programmes under the Rural Development Programme 2014-2020 that 4,000 sheep farmers are participating, with a payment of €750 per farmer for those participating.

The Minister and Department officials have met with and have been in contact with the various stakeholders over recent weeks since the announcement in respect of some specific concerns in order to work through practical issues that still remain.

**Chairman:** I thank Mr. Blake. We will take Mr. Carroll's statement now.

**Mr. Philip Carroll:** I thank the Chairman and members for inviting Meat Industry Ireland, MII, to address this committee and to have an exchange of views on electronic identification in the sheep sector. The announcement by the Minister last month that electronic tagging will be extended to all sheep is a necessary step to further underpin our sheep traceability system and will put the sector on a sound footing for future development. Our breeding ewe flock has been electronically identified now for many years, as has a proportion of lambs from certain produc-

ers. From 1 October this year, the full picture will be completed.

The extension of EID to all sheep ensures that Ireland keeps pace with our competitors and with developments in other major sheep producing member states in the EU. Northern Ireland has had full electronic identification in place for over a decade and France, England, Scotland and Wales have all moved to full EID several years ahead of us. It is important that we make this move now. Furthermore, our national cattle identification and traceability system is recognised internationally as world class. It is, therefore, imperative that our sheep identification and traceability system should also be of an international standard. Bringing it to that standard will profoundly increase Ireland's prospects of opening up access to new international markets.

The move to full EID of all animals in the sheep sector will undoubtedly reinforce our national traceability system, which is based on one tag for life and individual animal identification. Certain aspects of the current regime require improvement. To the extent that the current systems falls short of best international practice, it is imperative that any deficiencies identified, which could undermine full and complete traceability, must be corrected immediately. MII strongly believes that the electronic identification of sheep is the best remedy to these deficiencies.

Using electronic identification tags and technology has many advantages. One is that it offers another form of identification for each animal. Sometimes conventional tags get lost, dirty, covered by wool or hair, become snagged on a fence and so on whereas EID tags are small and are designed for high retention rates. Another benefit is that an animal can more easily be identified by scanning the tag with a reader rather than needing to have the animal completely still to read a conventional tag number. Scanning EID tags, rather than writing down conventional tag numbers, is a tremendous benefit to farmers in saving time and minimising errors. Electronic identification means individual animals can be monitored through their entire life cycle via an electronic ear tag. Performance of animals and flocks can be better monitored, measured and responded to and the input of resources can be better managed to ensure profits are maximised.

Electronic sheep identification, therefore, has both identification and traceability benefits as well as management benefits. Apart from overall flock performance monitoring and improved information for breeding decisions, more routine weighing and sorting tasks can also be made easier.

MIl is firmly of the view that this underpinning of our sheep identification and traceability system, through EID, is critically important to the positioning of Irish lamb in the market place and to competing for key customer accounts. In the first instance, it is important in respect of maintaining our existing customer base for Irish lamb. Systems of traceability and processing operations are continuously audited by major customers and by independent third parties and as we export over 80% of our overall sheepmeat production, we must ensure that our traceability regime is of international calibre and can stand up against our competitors who will be competing in the same international markets that Ireland is targeting.

In this regard, MII and its members are working actively with the Department of Agriculture, Food and the Marine to progress access to new international markets such as the US, Japan and China. The move to full EID, which reinforces our traceability system, is an important enabler to progressing these applications and, ultimately, delivering new international market access opportunities for Irish lamb exports.

I wish to emphasise that full electronic identification of sheep will bring significant benefits



to the sheep sector. These include: facilitating farmers in their flock management, performance recording and improving flock register accuracy on the farm; full EID will greatly enhance the accuracy and flow of information to Sheep Ireland for its important work in sheep breeding and genomics; it will assist in bringing greater efficiency to handling sheep at farm, livestock mart and processing plant level; and, critically, in bringing the benefits of modern technology to the sector, it will contribute to far greater robustness in the identification and traceability of sheep and improve our prospects of securing new international markets for Irish lamb.

As I said at the outset, MII believes that the move to full electronic identification of all sheep later this year is an important step forward for the sector and will see the completion of a very comprehensive animal identification system for the sheep sector in Ireland. I thank the committee.

**Chairman:** I thank Mr. Carroll. We will hear members' views now. I call Deputy Kenny who will be followed by Senator Mac Lochlainn and Deputy Cahill.

**Deputy Martin Kenny:** I thank both contributors for their statements. This is a good thing and it is the direction we need to go in. It is a move in the right direction in terms of opening up new markets, helping to sustain markets and ensuring we have correct and full traceability.

As we know from recent reports from Teagasc on farm livelihoods, many in the sheep sector are on the lower end of the scale and are making the least amount of money for the efforts they are making. They see this as an additional cost and the question is whether that will provide an additional return greater than the cost. That is the issue most farmers have. I know from speaking to sheep farmers that none really has a problem with this other than the cost. It will be an extra cost on them and they fear they will not get the full return. That is really the issue.

Mr. Blake said the Department has been in contact with the stakeholders since the announcement. Deputy McConalogue and I met the Minister almost a year ago and he told us this was coming down the road. Were the stakeholders not kept informed prior to the announcement? Was there no consultation up to that point? I would like confirmation in that regard because some of the farm organisations have said they have not been kept informed as well as they would like to have been. The issue seems to be that, in general, lambs have relatively short lives. The cost of the tag for the time it is on the farm if it is going straight to slaughter is an issue. I would like to have clarity on that issue.

As far as I can see, this is good and the way forward. The best answer is the sheep scheme. If it was made an additional action under the scheme, it would compensate farmers who would know they were getting something back from it. It is regrettable. The Minister will be here later. While we are not talking about that issue now, it is part of what we are talking about. It would at least show some sense of trying to do something for the farmer. There has to be recognition that the sheep sector is under pressure. It has one of the lowest levels of profitability in farming.

**Senator Pádraig Mac Lochlainn:** There is a very good submission from the Irish Farmers Association, IFA. Other farming organisations have expressed concerns. This submission deals with the concerns expressed and makes some practical proposals. The IFA asserts that the main beneficiaries of this decision are the meat factories. It has brought to our attention a number of non-statutory charges imposed on farmers. I reaffirm the points made by Deputy Martin Kenny about the very low incomes of sheep farmers across the State. Some of the non-statutory charges are a scrapie levy which is 80 cent to €1.05 per ewe and an SRM levy of €1.27 to €1.30.

These charges are additional to the departmental vet charge of 50 cent per head, the Bord Bia levy of 25 cent per head and the Sheep Ireland levy of 7 cent per head. What they are calling for is an instruction to the meat factories to abolish the non-statutory scrapie levy and the SRM levy imposed on sheep farmers at the factories. I would like a response from Mr. Carroll and Mr. Healy on that matter.

One of the big criticisms of the Department expressed by the farming organisations and sheep farmers is the lack of consultation. It is alarming that the Department announces something like this and consultation takes place afterwards. Why was there no consultation? Why did the Minister feel he had to invite the IFA and other farming organisations to make submissions and be involved in this matter?

The submission raises additional issues such as the underspend under the sheep welfare scheme. The submission asks about its reallocation. I assume Mr. Blake and Mr. Farrell have seen the submission. What is their response to it? The IFA also raises additional issues, including market access and animal welfare. Apparently, there is an issue for hill sheep farmers when it comes to EID tagging. The submission also states the Department has confirmed that it has no plans to introduce a full individual database for sheep identification purposes. I would like a response on that issue.

**Deputy Jackie Cahill:** I thank the representatives from the Department and Meat Industry Ireland for their submissions. It is the old story. If something is good for farmers, it will be good for the industry and the cost will be thrown back on farmers to bear. We are talking about a very low income sector. It is the imposition of a significant cost on farmers. Senator Pádraig Mac Lochlainn referred to the IFA's submission. If one considers lambs coming off the hills, they vary in price from €35 to €50 per head. It is, therefore, a very significant part of the sale price. It is probably the lowest income sector in the industry. We are talking about 3% to 4% of the value of the output being the cost of the tag. Monitoring flock performance was mentioned. This is a flock tagging system. There will be no ability to identify traits that could improve the genetic performance of the flock. This is to identify lambs going to slaughter and will mean far greater traceability. We then have the arguments about keeping pace with our competitors. What are the New Zealanders and Australians doing? What traceability systems do they have? Every time we feel we want to secure greater market access, we go back to the primary producer, on whom we place a greater onus and extra cost. Unfortunately, the margin of the primary producer is shrinking.

No one can argue about the benefits and our customers will love it. In the past few months we have secured access to the market in China. There are conditions attached to that market access. When it arrives there, our food produce can be left in unrefrigerated conditions, but that does not mean that China does not want our meat plants to be seven star, all of which cost comes back to the primary producer. As Deputy Martin Kenny said, one cannot argue against the benefits, but one can definitely argue against how the primary producer will carry the cost. Imposing this extra cost on the primary producer is not practical or sustainable.

There is a significant underspend under the sheep welfare and other schemes. The Minister has to step up to the plate. The underspend under the sheep welfare scheme is significant. Funding has to be found to underwrite the cost this will impose on sheep farmers. The hills are being abandoned in sheep farming. The sector is on a knife edge and very few young farmers are entering it. It will be to no one's benefit, from a sustainability point of view or when the preservation of the landscape is considered, if the hills do not continue to be farmed. Imposing such a cost on this extremely low income sector cannot be allowed. We cannot just say it is for



the good of the industry and that the primary producer will carry the cost, although we cannot argue about the benefits. Our customers will love it, but they do not care about the extra cost they place on us. The attitude is that it will be done by the industry and that it will carry it. We saw the same happen in the case of quality assurance measures. The cost is placed on us and we are told that it helps us to sell in the marketplace, but a primary producer sees little extra in his or her pocket for it, if anything. We can be told that we will lose market share because of it. As a result of Brexit, will these requirements be placed on the New Zealanders and Australians entering the European market? In the beef industry we do not see this pressure being exerted on imports from South America. They can be imported with virtually no traceability, even though we have to measure up to the highest possible standards. It has been said there will be benefits from a flock point of view in increasing productivity, while from a cost compliance perspective, it will probably reduce the margin for error. However, I think the Department will find a way around it.

Leaving that aside, there are benefits, but expecting the primary producer to bear the costs is not acceptable. There is an underspend under the sheep welfare scheme. The Minister has to step up to the plate to carry the cost of tagging. It is for the good of the industry. Meat Industry Ireland is adamant that it will give us greater access to markets, even though some of our competitors can bring in produce without any traceability and seemingly gain access to lucrative markets. That is a battle about which we could argue all day. It is a high percentage of the sale price. If this was happening in the beef industry, we would be talking about €20 per tag for a calf. That is the comparison and the context in which we have to consider it. If we want to move the industry forward - we will not argue that there are no benefits - the primary producer cannot be expected to carry the cost.

**Mr. Martin Blake:** Deputy Martin Kenny, among other members, raised the issues of costs and stakeholder engagement. I shall deal with these two matters first.

Nobody disputes that there is a cost involved. It is not the Department's intention to just add costs to the meat industry; we are actually looking to support it and make it more efficient. We are looking to modify the current system because it does not work. We are trying to underpin it in dealing with food safety and animal health issues. This not for the good of the Department; the expectation is that if we have a new tool to support the industry, it is good to be able to support it and the food chain with food assurances.

We have made some calculations of the cost per farm. Based on the current pricing system, a 100 ewe lowland flock, for example, will incur an additional cost in the region of €75 to €78. In recognition of this, the Minister has announced the provision of support for farms of €50 during a transition period. There is no doubt that there is an additional cost and this is a policy decision on the part of the Minister to provide support during the transition.

The process of engagement started at the end of 2015 and into 2016. During that period there were ongoing intensive meetings, with a number of additional meetings during 2016 and 2017. Once the announcement was made, it raised practical issues which needed to be worked out with the industry. People were invited to bring forward issues of particular concern to them to see how we could overcome practical issues such as the supply of tags; transitioning from the old to the new tags; and how to have a central point for recording at marts and slaughter plants. People made representations in the context of costs and a number of issues were raised. It is not the case that there was no consultation prior to the announcement.

On market access, I shall hand over to my colleague Ms Paula Barry Walsh who has had

engagement with some of the countries involved.

**Ms Paula Barry Walsh:** Currently Ireland can export sheep to 45 countries, pigs to 55 and beef to 70. There is an active wish to increase access for sheep in prime markets such as Japan, the United States of America and China. For some of the markets with which Ireland has engaged, it is not a question of asking them if they prefer Ireland to have an electronic identification system for sheep; it is the case that they look at what we submit to them and they are questioning it. There are two markets in particular to which we are seeking access and one has put some quite hard questions to us about how Ireland will ensure traceability in cases of recall. That was at the end of last year and we have not yet been able to answer the questions. In another case, in which we have made a market access application, it has been acknowledged by the country in question that Ireland has traceability issues and it has asked us to resolve them as we progress the application. As has been said, the current system is not working because it does not deliver the assurances third countries ask for, especially on animal health and food safety risks. The Minister's announcement is particularly opportune in helping the sheep industry to capitalise in gaining market access for the future. We hope to continue to gain market access and increase the numbers of countries to which sheepmeat can be exported.

**Mr. Cormac Healy:** I will take up some of the points raised. Deputy Martin Kenny asked if the system would give an additional return, while Senator Pádraig Mac Lochlainn quoted from an Irish Farmers Association submission that the meat factories were the only ones to benefit. Meat Industry Ireland believes the entire sheep sector will benefit from this measure. The entire sheep sector is dependent on traceability which underpins food safety in the system. If there are shortcomings that lead to an issue, we all know from previous examples that the entire sheep sector, every stakeholder and all actors in the chain, including the farmer, the livestock mart and the meat plant, can be impacted on. This solidifies our approach to traceability in the entire sheep sector and it is of benefit to everybody.

There are other issues, on which we have touched, such as the unfortunate reality that gaining market access is a challenging task. It is a time consuming and lengthy operation to gain international market access, but this measure is one we have to take in taking the next steps to achieve a number of target markets.

Without question, a system in which all sheep are electronically identified has certain management benefits at farm level, no more than at mart and meat plant levels, as opposed to the system in operation in which the entire ewe breeding flock and rams are electronically identified. A number of other flocks of individual producers have taken the electronic identification route and seen certain advantages. Some of these producers may be involved more in breeding programmes or on the pedigree side of the business, but other large commercial sheep farmers have also taken the step. There are benefits across the board.

On the overall returns, market access and ensuring the recovery of a premium price from the market, it is all about ensuring there are no slip-ups in the existing customer base and markets we already serve. As Mr. Carroll said in his opening statement, the meat industry is constantly audited by customers and independent third party auditors who look at every facet of the system. In the past some shortcomings in the traceability arrangements were identified and they will not be overlooked forever. We must retain our customer base and then expand into international markets.

The Department has indicated the numbers in international markets that are open to lamb imports, but they are behind the figures for pigmeat and beef. To some extent, lamb producers

might be a little late to the table in the international market arena, but they are very much focused on international markets now because of changes in them, one of which is the increasing demand for lamb in certain markets. Another is the more significant development in the past decade of an increase in the volumes of lamb that previously would have come to Europe from New Zealand and Australia being diverted to China. That has opened up new opportunities which we have to go after. We believe Ireland has an advantage in that regard. As we have said at this committee before, it is all about trying to maximise use of every individual piece of the carcass. In many cases it is about heading into some of the new markets in Asia and so on. There will be an underpinning of returns. The overall price return in the course of this year to date has been strong. Where the markets and the demand exist, it can be delivered. We need to underpin it and find new markets to follow up on.

**Chairman:** A question comes to mind which Deputy Cahill referenced earlier. If Australia and New Zealand are our competitors, are we on an unlevel playing field? Those countries are entering markets we are trying to access.

**Mr. Cormac Healy:** Deputy Cahill raised this point and talked about our competitors, as we described them. In the first instance, our primary focus remains the European market. When we talk about immediate competitors, we note that our colleagues in England, Scotland, Wales and France have moved along the electronic identification route. Our first immediate competitor is probably UK lamb in continental markets. We are competing toe to toe with the UK in those markets. As major global suppliers of sheepmeat, Australia and New Zealand do not have a similarly elaborate traceability system. It is a frustration but the reality is that they had market access in Europe and many other international markets, in particular the USA, long before there was any discussion of tagging sheep, not to mention electronic tagging. Unfortunately, and perhaps the Department can elaborate on this point, getting into a market ahead of particular developments or rule changes is one thing, but trying to get market access after those developments have taken place is another. We are confronted with that fact and must demonstrate our bona fides on traceability.

Deputy Cahill also asked whether an identification system delivered benefits for breeding. We understand from Sheep Ireland that there are benefits. There is individual identification of the animals. Breeding flocks and pedigree flocks have probably gone down this route already based on work we have done with them in providing data to Sheep Ireland. If the sheep sector is to get some of the breeding benefits seen in the dairy sector, which are now starting to come through in the beef sector, this system will be of assistance in providing accurate information.

Senator Mac Lochlainn mentioned other charges related to scrapie and so on. Those are completely unrelated to the topic under discussion. They are related to particular regulatory costs that apply. We have worked long and hard to have issues like scrapie testing and the requirements involved on foot of EU regulation changed and dropped. We are all spending money on legacy legislation going back to bovine spongiform encephalopathy, BSE, times.

**Senator Pádraig Mac Lochlainn:** The point the IFA has made is that SRM and scrapie testing are non-statutory.

**Mr. Cormac Healy:** I understand but they relate to specific regulatory changes that took place at a point in time. No more than the IFA, our focus is to have the scrapie testing requirement reduced so that those kinds of costs can be taken out of the system.

**Chairman:** Does Mr. Blake want to address the New Zealand-Australia issue?

**Mr. Martin Blake:** Mr. Healy has more or less explained it. From the Department's perspective, the issue is that countries which have had access previously remain in the market. It is when one is a new entrant into a market-----

**Chairman:** It is an unlevel playing field.

**Mr. Martin Blake:** Yes, but this also has advantages.

**Chairman:** It is like going for a job where one person is a bit older and has a leaving certificate and the other has a junior certificate.

**Mr. Martin Blake:** There are difficulties with historical and legacy issues. That does not make our job any easier. If they have access to the USA and we want to get access, we have to meet the requirements of the USA at this point in time. Deputy Cahill mentioned the flock identifier. The benefit is that we will capture the individual animal identifier. We will be able to use those data at individual animal level, which will take us a step further and allow us to enter into more refined traceability systems and targeting. There will be trace-back on medicines' usage, animal residues and issues like that. Once we have the individual identification, we can refine and target our resources in that regard.

Much of the conversation we have been having has focused on international trade and market access. We must also be mindful of satisfying our customers at home, which I also mentioned in my opening statement. We have our own food safety issues in the context of what we are doing. We have had difficulties with trace-back and what is happening in Ireland, which is of interest to our domestic market as well as our international market. We have found that the current system does not work, which is part of the rationale for change. The new system will give us a greater handle on that and allow us to deploy resources in a better way. It is not just about market access, it is about improving controls and enabling us to better deploy resources when dealing with traceability issues, be it from an animal health or a food safety perspective at home.

**Chairman:** Does Mr. Carroll want to make a contribution at this stage?

**Mr. Philip Carroll:** I have a brief point on equivalence or the level playing field. If one is trading within the European Union, one has that. It is part and parcel of the mutual recognition of standards. One does not have it when trading internationally, which is one of the difficulties. First, permission is required from the importing country, which sets the standards it wants. We have seen that in the case of beef. It has taken many years to get that over the line and to negotiate those standards to get something that is somewhat equivalent to what one might want to export to other member states. As Mr. Healy said, the tradition of tagging did not exist in the past, but we face that standard now and must reach it. It is also interesting to note that Victoria in Australia, which is a large production area, has actually moved to mandatory electronic identification. A process is commencing there. I do not know precisely why that happened, but it is a clear indication of where they see the requirement in the marketplace.

**Chairman:** The next set of questions is from Senator Mulherin.

**Senator Michelle Mulherin:** The case for electronic identification of sheep has been well made. The bottom line, however, is that farmers have been asked to pay and are not happy about it. All farmers have had a tough year, particularly in the sheep sector, which, as colleagues have said, is not one of the high profit farming sectors. Sheep farmers where I am from always face issues and problems, including viability. Someone from Meat Industry Ireland said

the whole sheep sector will benefit. I think it was Mr. Carroll. While I accept that, there is only one pillar of the industry being asked to pay, along with the taxpayer, the €50 being proposed. Some members of the committee were in Brussels to hear about issues around the weak position of farmers in the food supply chain and about how they are always an easy target. They have little bargaining power and, in a case like this, the costs fall to be borne by them. Is that correct? Is the meat industry paying towards this in some way? It is all very well to herald the measure and tell us it is much needed, but farming is all about margins. Something either helps or goes against those margins, whether it is fertiliser or commodity prices. Farmers are making a fair point about who is carrying the cost here.

An underspend of approximately €5 million has been identified at a time when a cost of €50 per farmer has been proposed. We are all for the modernisation of all sectors and we want to have the best agriculture and be the best food producers in the world but we have to support the primary producers. Some of the sheep farmers I meet tell me they cannot see the next generation taking up the mantle and carrying on with sheep farming. It is the same with suckler cows. This will be a serious issue. Until now people have carried on through family tradition but young people, thankfully, have many more options available to them through education and training and farming is not a very attractive prospect. If we keep hammering farmers bit by bit, at some stage we will have the straw that breaks the camel's back. We are told by the Government and the Commissioner that everything is being done to help farmers but this is a backward step. It might not be the biggest step ever but it has a cumulative effect.

**Senator Paul Daly:** I welcome the witnesses and thank them for their presentation. As has been stated by every previous speaker, it is hard to argue against the positives of the scheme but we are hearing the positives from one side of the fence and we are duty-bound to represent all interested parties. We have had a bit of lobbying from the farm side and points have been made about the cost.

I would like the witnesses from the Department and Meat Industry Ireland to flesh out a few different items. They have been covered to some extent already, but I would still like to hear them being fleshed out a little more. I am not an expert when it comes to sheep or sheep breeding, but improved traceability has been mentioned. How will the introduction of EID help or improve genomics or genetics? Leaving aside the purebred breeders who will do things a hell of a lot differently from the average sheep farmer, I will use the example of combined flocks running on commonage on a mountain. There is a variety of rams of different breeds. Even on lowland farms breeders run their ewes with a ram or two and then, three weeks later, will run them with another ram. I know from experience of old, and from hearing different stories, a badly doctored wether can do as much damage as a ram on any farm. Unless we start recording the parentage, will the witnesses explain to me how EID will improve genomics and genetics in the herd other than it being a box-ticking exercise for potential customers?

It was also mentioned that one of the advantages for farmers of an electronic identification for sheep would be that marts and factories would become central points of recording. Does this mean that if sheep are EID tagged, the sheep farmers can load up their trailers in the morning without doing any paperwork and go to the factory and, down the line, when it comes to flock registering or schemes the Department will accept the printouts received in the mart or factory? If there happens to be a mistake, a clerical error or a typo, who will pay the penalty if it causes issues for the farmer down the line with the Department? The farmers can show the factory printout and ask whether this is how the new scheme is working. What obligation will be on the marts or factories to supply farmers with this information? Will the factory or mart



printout or email that is in the farmer's records be accepted by the Department? The question I am grappling with most in basic terms is what will change under EID with regard to lambs produced for Easter in a short space of time and going directly from the farm where they were born to the factory without going through a dealer or any other holding. In simple terms, what will change?

**Deputy Charlie McConalogue:** I thank the departmental officials and Meat Industry Ireland for coming before the committee to present to us. The issue has been well discussed, and my apologies for having to leave during the presentations but I read them in advance.

As has been well outlined by other members, this move is not something to which people object as such, it is the fact the cost is to be borne by farmers and primary producers. We see this right across the food chain and various sectors. Too often, the farmer must bear the brunt of costs. When margins get squeezed it filters down to the farmer who takes the full whack. This will be the case again with the costs of tagging. As has been outlined, the cost of this move to hill farmers in particular adds up to 3% or 4% of the cost of a lamb. This is too much to ask in what is an exceptionally marginal and, in many cases, non-profitable enterprise.

Obviously, from an administration point of view, there will be a cost saving, in particular, for marts and meat factories. I have a question for Meat Industry Ireland on the level of the cost saving that will arise as a result of reduced administration. Is it willing to make a financial contribution towards it? Has Meat Industry Ireland had conversations with the Minister for Agriculture, Food and the Marine in this regard?

I emphasise to the Department something that has been mentioned by other speakers, which is the funding left over from the implementation of the sheep welfare scheme. The Minister's €50 contribution is no more than a sop. It is recognition there will be a significant cost but it is no more than a token from him. It will leave the ongoing costs with the farmers after the initial purchase of tags.

My next question for Meat Industry Ireland is on the opening up of markets. Are there specific markets on which it feels this system will make a very definite impact and might be a clincher with regard to actually getting access to them? Perhaps the Department will also comment on this. The bottom line is we are indicating this will mean more markets for farmers and, potentially, better prices. It is a difficult question but will the witnesses indicate what will be the benefit to farmers in terms of the prices in those additional markets? Ultimately, we are asking farmers to take a hit on their margins and to factor the cost of electronic tagging into their cost base.

Will the Department and Meat Industry Ireland outline exactly the difference the system will make for a batch of lambs going directly from flock of origin to a factory? They will all go into the factory with one flock number. How will this make a real difference to them? Is it really necessary to include this category of lamb?

Is an individual identification animal ID and sheep ID database being considered by the Department? Would this add to the traceability system? Will the move to total electronic ID tags make a significant difference in the absence of a departmental ID system?

**Chairman:** I welcome Senator Lawlor who is a new recruit.

**Senator Anthony Lawlor:** I thank the Chairman for allowing me to contribute. I followed the debate earlier and I welcome the Department officials and the representatives from Meat In-

dustry Ireland. I will make a couple of points. I have to agree with Senator Paul Daly on the issue of the Department accepting readouts. The witnesses state it will save on cross-compliance and administration for farmers. Will the Department definitively state that the readouts from the factories or marts will be acceptable for cross-compliance and later traceability?

This whole system is about one word, namely, “trust”. The purpose is to ensure consumers can have trust in where they get their products.

Witnesses from both the Department and Meat Industry Ireland used the word “traceability” a number of times. As a sheep farmer, as far as I am concerned, traceability finishes at the factory floor. If Deputy Cahill buys two lamb chops in a supermarket, he will not know where the lamb came from, what its parentage was, what breed of lamb it was, whether it was a crossbreed or a purebred or anything else. If he wants to find out where his lamb comes from, he could come to me and I would sell him a box of lamb killed in a small abattoir. Then he would know where the two lamb chops he will eat for his dinner tonight came from. A customer in any of the shops or supermarkets will pick up a small pack of lamb featuring a nice picture of a farmer with his few lambs and sheepdog and will believe the farmer pictured is the producer of the two little lamb chops in the packet. However, that will not be the case because the farmer in question will not be able to produce so many lambs.

There is, therefore, no traceability for consumers from the moment a lamb enters a meat factory to the point at which it is placed on the counter of a supermarket. I would love the packaging for lamb to feature labels such as, “From a crossbred sheep”, “From a black-faced mountain sheep”, “From a Suffolk sheep”, “From a purebred Texel” or “From a Texel cross”, as occurs with beef products. A premium is paid for Angus and Hereford beef. This type of premium is not possible in the sheep sector because the industry does not want to keep track of lambs after they have been broken down into their individual parts. Traceability would allow customers to know where the lamb they buy comes from.

As I stated, the proposed system is based on trust. As a producer, I must assume the cost of the new electronic identification tags to ensure my flock will meet the compliance requirements of the meat factories. How much will the factory do to ensure customers are able to identify the lamb that I watched being born and which I reared, tagged, brought to the factory and then lost sight of, as it were, because the customer cannot trace it from his or her plate?

**Chairman:** Senator Mulherin wanted to make a brief point.

**Senator Michelle Mulherin:** I intended to refer to the Food Safety Authority of Ireland’s audit report, the summary of which I have to hand. The report identifies cases of non-compliance in the national sheep identification scheme. It notes that no checks are carried out by food business operators or the veterinary inspector at plant level to determine the accuracy or validity of the tag numbers recorded on the dispatch documents. My understanding of this issue, on which some of the farming organisations have made a case, is that the reason for the deficiencies lies with the Department’s inspections in some of the factories. This returns me to my question as to why it is only the farmer who must bear the cost of this system. Fairness demands more creative thinking about sharing the cost. As I stated earlier, a flat fee of €50 is not sufficient. I would also support an increase in the sheep welfare scheme payment to farmers, even by a small amount or on an per animal basis.

**Chairman:** On the timing of the introduction of the new scheme, how will the transition work for a sheep farmer who bought his annual supply of tags earlier in the year given that the

new scheme will commence in October? If a farmer planned to tag 200 sheep this year and has 60 tags left on 1 October, how will he work with the new system? Will the remaining tags be defunct and will he have to start from scratch at such a late stage in the year? Maybe Mr. Healy or Mr. Carroll will start the ball rolling.

**Mr. Cormac Healy:** I can certainly start the ball rolling. The Department can also address many of the issues raised.

On Senator Mulherin's point regarding the benefits to different stakeholders, I do not accept that the farmer is the only one who will pay. We have outlined, and people generally accept, that the scheme will have benefits for the overall sector. The industry's role is to ensure the maximum price is paid and we are held to account on that basis every day. If an issue with our traceability system resulted in a loss of market or loss of customers that impacted on price, we would be quickly taken to task. Part of the benefit of the system is ensuring we maximise the return from the marketplace.

It is not only farmers who are investing. The industry must constantly invest in its systems. If marts and factories are to operate as the central points of recording, CPRs, the industry will have to invest further.

Deputy McConalogue asked about cost savings. Unfortunately, I do not necessarily believe the industry will achieve cost savings from electronic tagging. If the industry acts as the CPRs, as is planned under the new system, more readers will be required. We do not expect to achieve staff savings through the reading exercise. What it will do is ensure we know that our reading and recording are done accurately in future.

Senator Paul Daly asked questions about breeding. I will not attempt to speak in great detail about breeding technology and science, other than to say that a fundamental aspect of breeding programmes is to have accurate data at the base. I understand the points the Senator made on individual rams and groups of rams and how one determines parentage. I have limited knowledge of this area. We have a relationship with Sheep Ireland, which is the breeding organisation that forms part of the Irish Cattle Breeding Federation ICBF. We also work with farmers on a Sheep Ireland committee. I understand some flocks are being monitored. There are pedigree flocks and performance monitoring flocks. These are operating on the basis of individual electronic tag identification of the sheep and we are recording that data and feeding them back to Sheep Ireland. I will not comment on anything that reinforces the overall quantity of data and their accuracy as a base line because I do not know the ins and outs of the process. However, the Senator asked some relevant questions on the issue.

Two members asked related questions. Senator Paul Daly asked how the new system will affect Easter lamb and Deputy McConalogue spoke about animals that are brought directly from the farm of origin to the factory. As I stated, a certain proportion of animals are electronically identified at present. The ewe flock in its entirety is identified, as is imported lamb and lamb from a number of commercial farms. Traceability for animals that are brought directly to factories is relatively straightforward, as members indicated. We need to move to a single system. There are issues with many other lambs, and lambs brought directly from farms to the slaughterhouse do not account for all or even the majority. If we are moving to electronic identification, it will be logical to have one system.

As the Department outlined, marts and factories would operate as central points of recording. I will allow the officials from the Department to answer the questions on tag readouts,

cross-compliance, etc. We are working through the detail of how this will be done because it will require some changes in meat plants and marts.

Senator Lawlor asked a number of questions. I will leave the question on cross-compliance to the Department. Traceability is not only about marketing and linking to a breed. It is also a regulatory requirement. It is not only factories imposing a specific requirement. Council Regulation No. 21/2004 Brussels lays down specific rules and requirements for traceability and identification. It is not industry's doing.

I do not accept Senator Lawlor's argument that traceability stops on the slaughterhouse floor. Once an animal goes to the cutting plant it goes to a batch phase, as is the system throughout the world. A group of animals is then brought into the cutting plant and dealt with on a batch system. Should there be an issue with product on the retail shelf or with the consumer that requires trace-back, the product is traced back to the batch of production in the cutting plant and then to the individual lambs that were supplied to the plant. There is traceability but, as I indicated, it operates on a batch basis. Unfortunately, we do not take it to the level of a packet of two lamb chops. However, given that 3 million sheep are slaughtered per annum, that is not necessarily doable.

**Senator Anthony Lawlor:** If a farmer must provide traceability for an individual animal, why can consumers not be able to trace a product back to an individual animal?

**Mr. Cormac Healy:** That would only be achievable if every individual carcass was deboned separately. It is not achievable in a plant that deals with perhaps 3,000 lambs a day. The system operates on a batch basis, as it does throughout the world. The batches could be a batch of Texel or a batch of Suffolk, as is the case on the beef side where one has Angus and Hereford. That is doable. It is not that the sector has an issue with individual traceability, it is that the market has not yet developed specifically in terms of a breed-based approach on sheep marketing.

**Chairman:** Are factories making a contribution towards the cost?

**Mr. Cormac Healy:** We are making a contribution towards the cost. While the cost of tagging is borne at farm level, the industry is investing all the time in its processing, traceability and boning hall systems. If it is to act as central points of recording, CPRs, we will have to invest further. At the end of the day, the overall investment the industry has to make is in terms of the final price it gets back to the producer.

**Senator Michelle Mulherin:** Mr. Healy made the point that the industry is seeking maximum return and best price. For whom is it seeking maximum return? Are the individual companies not seeking it for their shareholders or whoever owns the meat factory? The farmers I speak to say they are price-takers. When they sell animals to one factory they will not get a much different price from another factory down the road. Farmers are being asked to carry the cost. It is not true that the factories are maximising return for the benefit of farmers. The farmer goes to a factory and takes the price he gets.

**Mr. Cormac Healy:** If Senator Mulherin looks at lamb prices in recent years, particularly this year to date, she will see the price has been very strong and is on an upward trend. The maximum price is being returned to producers. The performance of meat plants in the earlier part of this year is not one that allows the owners to sleep well at night because it was a very high priced market. One of the problems with this is that it creates a challenge on the retail shelf in terms of whether consumers opt for lamb or not. The price is being delivered for farmers, as

is evident from the price this year to date and the upward trend in prices in recent years.

**Senator Michelle Mulherin:** Does Mr. Healy accept that farmers are price-takers from the factories? A farmer does not go to a factory and negotiate. He takes what he can get. I accept that the price sheep farmers have got has increased; that is known. However, across the board there is very little differential in prices between various factories and what they offer on a Monday morning when a farmer brings his animals for slaughter. The motivation for factories is not the farmers. They want to keep the farmers coming in but they maximise prices and returns for the shareholder, not the farmer. That is the reality. As I understand it, that is how the system works.

The complaint we hear from farmers is that they get the same price from each factory. They are not striking a bargain and they do not have equal bargaining power. That is one of the complaints we get about meat factories. I am not damning meat factories because we also hear complaints about the retail multiples all the time. That is why there are so many study groups and efforts to increase the bargaining power of farmers. To argue otherwise is to ignore reality.

**Mr. Cormac Healy:** I will argue otherwise because what Senator Mulherin said is not the case. The price is clear and transparent. First, the price is not the same for all lambs. Second, there are various levels of discussion around price, whether for producer groups providing a particular lot of lambs or larger farmers with a substantial number of lambs. There is variation in price. The best response on price is to point to how the lamb price is performing relative to some of our competitors in European markets, and it is performing strongly.

**Mr. Martin Blake:** I will address a number of issues raised by Senator Paul Daly on how to assist in breeding. The new system provides infrastructure through which people can address breeding issues, which they could not do up to now. This infrastructure will allow people to consciously engage in breeding practices and to plan breeding, which was not possible in the past because we did not have an individual identification system.

Senator Lawlor also raised the issue of how we foresee the system working. A farmer will turn up at a factory with a document and will no longer be required to write in the 12-digit number. He will have a dispatch document from the Department, as is currently the case, in which he will enter the number of sheep he is delivering. He will sign the document, as he does now, and once it is scanned at the factory or mart he will receive a printout of the tag numbers. He could have 20 numbers and he must verify that the printout coincides with his understanding of what he has delivered. That will be acceptable in the context of farm records for cross-compliance purposes.

In the context of what is different between the new system and the old system in terms of animals moving directly from farm to slaughter, we have taken a policy decision to implement an electronic identification, EID, system. This means all our traceability and identification will be based on an EID system which allows data capture. That is the only difference. The animal moving from farm to slaughter will still have a single tag. However, it will be a single electronic tag that allows it to be read into the plant, and that is captured at the level of the individual animal number.

Deputy McConalogue raised a number of issues on the cost of the system to the farmer. We acknowledge that there is a cost to the farmer. The Minister has announced a contribution of €50 on the basis of a 100-ewe lamb flock at a cost of €75 to €78 per year. Our plan for develop-



ing the animal identification and movement, AIM, database to capture the individual information is on our agenda. It is intended to develop an AIM database to capture individual animal identification.

Deputy Mulherin raised the Food Safety Authority of Ireland, FSAI, report. The report is based on a view of the current system. It and other audits fed in to our discussion in the context of where we need to move to. The system is not working and needs to become seamless and frictionless. It is based on paper records and people writing things down. The fundamental problem in terms of introducing a traceability system is the lack of readability and accuracy of manual records. We have plenty of examples of sheets arriving at a slaughter plant that are not readable. It is very hard to expect someone delivering 300 sheep to a slaughter plant to sit down and accurately transcribe 12 digits 300 times. The fundamental problem with the traceability system is that it is based on such records. We acknowledge that, with the best will in the world, it cannot be done accurately or consistently and be the basis for promoting and developing a traceability system.

**Chairman:** What about the timing issue?

**Mr. Martin Blake:** One of the reasons for announcing it upfront and early was to signal to the market, farmers, meat plants and marts that it was coming and that there would be an interim period during which they could plan for it. It was always recognised that there might be a need for a transitional arrangement for those who had bought tags. We need to decide how to deal with that issue. As I said at the end of my opening statement, a number of issues have been forwarded to us. We are considering them and will advise the Minister very shortly on what we think we should do. If somebody invested in 100 tags on 1 October and has 80 left, what is he or she to do? It is a valid question.

**Chairman:** As we have addressed all of the issues, that concludes this part of the meeting. I thank the delegates from Meat Industry Ireland and the Department of Agriculture, Food and the Marine for coming before us to discuss the issue which is topical. We will doubtless hear more about it as we approach 1 October.

*Sitting suspended at 5.25 p.m. and resumed at 5.30 p.m.*

### **Rural Development Programme: Minister for Agriculture, Food and the Marine**

**Chairman:** We are now back in public session. I remind members and witnesses to ensure their mobile phones are completely turned off. I welcome and thank the Minister for Agriculture, Food and the Marine, Deputy Creed, to the committee to discuss the rural development programme expenditure. I also welcome his officials. This programme provides integral support to Ireland's rural and farming communities. Today's discussion will mainly focus on the budget for the rural development programme and the commitments given under the six schemes in same.

By virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of the evidence to this committee. If they are directed by the committee to cease giving evidence in relation to a particular matter and they continue to so do, they are entitled thereafter only to a qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and

they are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any persons or entity by name or in such a way as to make him, her or it identifiable. Members are reminded of a long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the House, or any official by name in such a way as to make him or her identifiable.

I call on the Minister to make his opening statement.

**Minister for Agriculture, Food and the Marine (Deputy Michael Creed):** I am very pleased to meet with the committee and to update it on a review of spending under the rural development programme carried out by my Department.

As members are aware, there is an allocation of some €4 billion under the current programme, with €2.19 billion of this coming from European Union funds and the rest from the Exchequer. The programme runs up to the end of 2020, though some existing multi-annual commitments may run beyond this date as I will explain later.

The substantial investment required over the lifetime of the programme will help to underpin continuing growth and development in rural Ireland and forms part of the vision for strengthened rural economies and communities as contained in the Government's recently launched Project Ireland 2040. The range of measures and supports available under the rural development programme is extensive. These include advice, training, payments for public goods, support for on-farm investment, support for animal welfare, initiatives to encourage innovation, partnerships and membership of producer groups and support for local projects under Leader. Delivering on such a diverse programme is challenging and I am delighted to say that Ireland is performing very well in this regard.

Of all European Union member states, we are second overall in terms of drawdown of European Union funds to date. Our drawdown of European Union funds, at 53%, is well above the European Union average of 33% and we are one of only two member states to have passed the 50% mark. Our reputation in Europe is 'to leave no euro behind' and I am confident that this will continue under the current rural development programme.

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

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

required to €332 million.

Transitional funding arrangements are the norm between programming periods and an indicative figure of €637 million was included in this rural development programme to cover commitments from the previous one. Increasing the commitments to be funded as part of these transitional arrangements would not be the prudent thing to do in my opinion, given the different circumstances which apply to the next proposed programme, for a number of reasons. Firstly, the transitional funding arrangements to be put in place between this programme and the next are not yet decided at European Union level. More important though, the recently published multi-annual financial framework proposal to 2027 indicates a cut to the Common Agricultural Policy, CAP, budget, under the impact of Brexit and competing priorities. In light of this the introduction of new measures or entrants to current schemes is not possible at this stage.

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

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

The beef data and genomics programme is an ambitious and groundbreaking approach to enhancing the sustainability credentials of the beef herd. The programme had an estimated cost of €300 million. I reopened it in 2017 to maximise participation and I am more than satisfied that 24,600 farmers have joined. The expected spend during the lifetime of the programme is €290 million. Knowledge transfer is a key priority of this rural development programme. Indicative funding of €100 million was allocated in the RDP to participate in knowledge transfer groups. As with all such initiatives, it is demand-led. Based on the current levels of uptake of 19,000 farmers, the expected total spend is €69 million. The upskilling of these farmers will be a significant achievement, with ongoing and positive implications for both the farmers and the sectors involved.

The targeted agricultural modernisation scheme, TAMS, is a grant-aided scheme which provides much-needed capital investment for farming enterprises. There has been some concern that the entire allocation of €395 million for TAMS will not be spent, as there were savings in the annual budget in the early years. However, this trend has reversed and expenditure is now running at an average of over €1 million a week for the past eight months. There are almost 10,000 existing approvals from my Department for farmers, on which funding has to be drawn down by the approved applicants. Some of the early approvals have started to expire and the first of the three-year approvals will begin to expire later this year, which means that the budgetary position will become clearer. The new one-year approval system which was introduced in January 2017 will assist with the accurate assessment of outstanding commitments. TAMS

continues to be open to new applicants, with significant interest shown, and I am working on the assumption that the entire allocation will be fully spent over the lifetime of the scheme.

The allocation under the RDP financial plan under the organic farming scheme is €56 million over the lifetime of the programme. It aims to achieve a figure of 62,000 ha under organic production. The scheme has proved to be more popular than first expected and, based on current projections, the total spend under the scheme is expected to be €66 million, with approximately 72,000 ha of land under organic production. I have also made changes to the rural development programme where need has arisen, including the introduction of new schemes which have also required additional expenditure. The main example is the sheep welfare scheme where I added an additional €100 million in national funds to the RDP budget, with a view to accommodating all sheep farmers, should they wish to join. Based on the current uptake of 20,000 applicants with 2 million ewes, the total projected spend is €80 million, which represents a substantial investment and commitment to the sheep sector. I have also provided an extra €25 million for areas of natural constraint, ANC, farmers this year, again from national resources.

Another programme which has attracted intense interest is the hen harrier programme which seeks to save one of Ireland's most endangered birds. Both it and the freshwater pearl mussel scheme which aims to protect the critically endangered freshwater pearl mussel are two designated European innovation partnership, EIP, projects. A budget of €35 million was originally indicated for both the hen harrier programme and the freshwater pearl mussel project, with an anticipated allocation of €25 million for the hen harrier programme and €10 million for the freshwater pearl mussel scheme. That is what we expect to spend. Two impressive project teams are in place and I look forward with interest to the results of these collaborative efforts across the advisory, research and farming communities.

As members are aware, the rural development programme also provides funding for the Leader programme, to the amount of €250 million. The Leader programme is implemented by the Department of Rural and Community Development under the Minister, Deputy Michael Ring, and it is my understanding it expects the full allocation to be spent over the duration of the programme.

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

**Chairman:** I thank the Minister. I call Deputies Charlie McConalogue, Jackie Cahill and Martin Kenny in that order.

**Deputy Charlie McConalogue:** I thank the Minister and his officials for coming. We should not have to be here today.

As the Minister will recall, in March we had a debate in the Dáil during Private Members' business to discuss the provision of support for the suckler cow sector. We also put forward a motion to require the Minister to carry out a review of the rural development programme to establish what the spending was and, in particular, what level of underspending there might be. Terms of reference were given to the Minister which we sought to have included as part of the review. The motion was passed by a strong majority in the Dáil. It required the Minister

to come back within two months with the findings of a review of the rural development programme and outlined the terms of reference for such a review. The Minister failed to conduct such a review, come back within two months and comply with the terms of reference outlined in the motion, as passed. We were then left with little choice. I asked the committee to require the Minister to attend to assess where we were with the rural development programme and, once and for all, address the issues the motion required him to address but which he had ignored and failed to do. In some ways, I am not surprised because he has been ducking and diving on the issue of the rural development programme. I refer to how the Government has or, as I put it to the Minister in many cases, has not, been following up on the commitments and promises made by him and his predecessor as Minister for Agriculture, Food and the Marine.

We can see it when we look at GLAS. The then Minister for Agriculture, Food and the Marine, Deputy Simon Coveney, on the opening of the scheme on 23 February 2015, announced in his press release - it was backed up in all subsequent comments - how a total of €1.4 billion had been allocated over the lifetime of the programme. It allowed for a standard package of up to €5,000 for eligible farmers. In the additional notes at the end of the press release, for editors and those assessing what it was he was promising, the then Minister also indicated how the €1.4 billion had been allocated for GLAS over the lifetime of the programme to 2020. It was very specific. If we look across the agricultural media at the time, whether it was *The Farmers Journal*, the headline on Agriland, *The Farming Independent* or the response from the various farming organisations, the Irish Farmers Association, IFA, the Irish Natura and Hill Farmers Association, INHFA, the Irish Creamery Milk Suppliers Association, ICMSA, the Irish Cattle and Sheep Farmers Association, ICSA, or Macra na Feirme, they all welcomed the €1.4 billion the Government was committing to GLAS to be spent up to 2020. The reality has been entirely different. What is clear at this stage is that by 2022, when all current participants in GLAS have worked their way through and completed their five years, less than €1 billion will have been spent. The Minister, Deputy Michael Creed, is here to tell and enlighten us that, in fact, of the €1.4 billion, which the then Minister, Deputy Simon Coveney, was so crystal clear was specifically for the programme up to 2020, which farmers and their representatives accepted in good faith, €400 million was for the REPS and the AEOS. That is what he is telling us in 2018, three and a half years into GLAS. At no stage did he, the Government or any official in the Department, acting on his behalf, seek to correct the record whenever the agri-media and farming organisations welcomed the fact that the Government had committed to a €1.4 billion spend on GLAS. The Minister has tried to duck and dive on the issue since he was appointed. He has tried to ignore the fact that this promise and commitment were made and that this was the basis on which farmers were operating and what they were expecting. It is now clear that the allocation will be €1 billion. The bad faith shown by the Government in what it promised farmers and the fact that the Minister was bluffing them are being exposed. He was getting headlines at the time and made a promise on which he had no intention of delivering. He has tried to stick to that fallacy up until now. He has tried to sideline it by asking what are we talking about and stating the allocation was only ever going to be €1 billion and that €400 million was for the REPS and the AEOS. That was not said at the time, nor has it been said since then. It is unacceptable that the Government would treat farmers in that way.

When the beef data and genomics programme was published by the previous Minister, Deputy Simon Coveney, it was promised that it would facilitate 35,000 farmers and that the spend would be up to €300 million. It was expected that 35,000 farmers would benefit from it. Some 24,500 farmers have signed up to the programme and the Minister declared in his opening statement that he was very satisfied that they had taken it up. It compares to a figure of 50,000 farmers who availed of the previous suckler cow welfare scheme. The previous Min-



ister, Deputy Simon Coveney, committed to a figure of 35,000 farmers, or 11,000 more than the number who have signed up to the programme. How on earth did the Minister get his figures so wrong for the level of spending under the beef data and genomics programme and the number of farmers who could be accommodated? Was it that once again he was trying to seek a few headlines to hide his embarrassment about the way in which the Government was failing to cater for the many suckler cow farmers who had previously availed of the suckler cow welfare scheme? Only half of those who availed of the suckler cow welfare scheme are availing of the beef data and genomics programme.

The Minister has indicated that there can be a carry-over of costs from the end of 2020 into the next rural development programme. He has indicated that it could be of the order of €105 million. Specifically, bearing in mind that it was introduced in three tranches, how many GLAS participants will still be in the scheme post the end of 2020? How much will be carried over into the next rural development programme? I did not see a reference to this in the Minister's opening statement. The bottom line is that the Minister is telling us that the allocation of €4 billion outlined as part of the 2014 to 2020 rural development programme will be fully spent and that there will be no spare money available. He has indicated that there will be an underspend in certain areas but not in others. His bottom line is that there will be no spare money to be taken from the allocation. That exposes the fibs farmers were told about what they could expect under the individual schemes published by the Minister, particularly GLAS and the beef data and genomics programme. They have been let down in terms of what they had been led to expect. The Government has not delivered for them. They are out of pocket in a way they had not expected and the schemes have not delivered the income the Minister promised they would deliver. Unfortunately, that is the bottom line and the reality with which we have to deal. Having tried to avoid this scenario and the fact that he did not come back to us on the motion passed in the Dáil, this is the reality we face. I would like an explanation from him as to why the Government took that approach and why he tried to bluff farmers on what he was going to deliver for them. They have been let down by him and the Government.

I would also like the Minister to indicate how he envisages the targeted agricultural modernisation scheme, TAMS, unfolding. There is a significant underspend. Obviously, it will be weighted towards the final years of the rural development programme. There was not much detail in the Minister's presentation on how he envisaged it working its way out. How can he be so sure at this time that the TAMS element of the rural development programme will be drawn down in full?

**Deputy Jackie Cahill:** I thank the Minister for his presentation on the rural development programme. I will not go over the ground covered by Deputy Charlie McConalogue. It is clear that the Minister has an allocation of €4 billion that was envisaged to be spent between 2014 and 2020. Doing the sums, I calculate that €3.32 billion will be spent. The sums are accurate and when we consider the individual schemes, there will be a shortfall. The amount is significantly less than the €4 billion that was headlined when the programme was announced.

I will focus on a few schemes, beginning with the sheep welfare scheme. In the previous session we met officials from Meat Industry Ireland and the Department to discuss the issue of sheep tagging. Under the rural development programme a sum of €100 million was allocated for the sheep welfare scheme. The Minister indicated in his presentation that it was envisaged only €80 million of that allocation would be spent. There is, therefore, ample headroom to pay for the tags for sheep farmers up to 2020. The point was made strongly in the previous session that the primary producer was being asked to carry all of the costs of the traceability schemes.

They have been told that there will be added benefits for them in the future. The Minister has the opportunity to do something practical for sheep farmers by carrying the cost of the tagging regime up to 2020, after which we could sit down and argue about it again. We cannot say that traceability is bad. I hope it will bring benefits to the sheep sector, but I put that in brackets. All of the costs are being carried by the primary producer. As I said, there is definitely ample headroom under the programme for the Minister to carry the cost of the tagging regime up to 2020. That initiative would be most welcome for the sheep sector and it could be done without great difficulty.

Up to now no money has been spent under the hen harrier scheme. We have been told that the first payments will issue in 2019. In my time in politics I have never seen the value of an asset being taken away in the way it has in the designation of this land. While it is welcome that a scheme has been put in place, we are extremely critical that no money has been paid to date. There are farmers in my constituency who still have not been accepted into the scheme which will be judged on whether it restores the capital value of the land. Unfortunately, it will not do so. While it is welcome, additional funding for it must be put in place to restore the capital value that has been taken from farmers. This issue will not go away. In my time in politics I am not aware of any other decision taken that completely removed the capital value of land from farmers. Such land with the potential to engage in forestry was worth €4,000 to €4,500 an acre. Owing to the blanket ban on forestry on hen harrier designated land, that land is now virtually worthless. I hope the scheme will bring some recompense, but it is a long way short of restoring the capital value of the land. Farmers are entitled to have its capital value restored and the only way that can be done is through a properly funded scheme, but the €25 million committed in the 2014-20 window will go nowhere near compensating the farmers involved. There is a significant amount of land involved, some of which is in the Minister's constituency. The farmers involved have been seriously discriminated against. The scheme has been promised for a long time. I hope some money will be spent in 2019, but it is not nearly adequate to restore the capital value of the land. That is how the scheme will be measured. If the capital value of the land is restored, we will know that the scheme has been a success; if not, it will have failed to honour the commitments made. I do not see how it will restore the capital value of farmers' assets.

There has to be a speedier way for farmers who have essential work to carry out, whether silage slabs or whatever else, to have their applications processed. We were told that applications would be dealt with speedily, but that is not happening. I know several farmers who urgently needed to get a silage slab down in May after the bad spring and found it impossible to have their applications processed in time to do the work before the first cut silage. The system needs to be improved.

For two years I have had a problem with the targeted agricultural modernisation scheme, TAMS. Traditionally, farmers purchased equipment through the co-operatives, but they have been deemed to have broken the rules of eligibility for TAMS. That issue has not been sorted out and there are several individuals who are seriously out of pocket because of it. There is no hint of any indiscretion on their part; the co-op did what it always should do and help its supplier members. It never had any problem qualifying for grant aid in the past, but the farmers concerned still have several outstanding issues. The co-op would have financed the purchase of the milk tank for them and they would have repaid the cost over several years through their milk cheques. This system worked well in the past, but, for whatever reason, this time under the criteria they have deemed to be ineligible for the scheme. That issue has not been resolved. I have raised it on numerous occasions with officials and farmers are getting extremely annoyed.

They believe they are being victimised again by the small print. I urge the Minister to resolve the issue once and for all because the farmers concerned should have received grant aid for the purchase of milk tanks. A few spoke, too, about running into trouble with the hire purchase of machinery. In my constituency milk tanks are the primary issue. If farmers are involved in lease arrangements for machinery, they should be catered for too. That issue needs to be ironed out.

My colleague has highlighted the underspend with reference to what was advertised at the launch of the scheme. There can be modifications made to the three schemes. There is scope under the sheep welfare scheme to cater for the tagging problem. The hen harrier issue will not go away. The landowners in the areas affected need payments immediately and a scheme that will restore the capital value of their land.

**Deputy Martin Kenny:** I thank the Minister for his presentation which contains many summary statistics which can hide individual difficulties. He spoke first about the green low-carbon agri-environment scheme, GLAS, because it is the one most farmers have had issues and problems with. The Department has acknowledged that there have been difficulties in the past few months and payments to farmers have been slow. Granted, they are in a minority, but they are individual families who have bills to meet and payments to make and find it difficult when they cannot receive their payments. Some farmers have still not received their GLAS payments and are being told that it is not their fault, that the fault is on the side of the Department and that the issue has not been ironed out because there are various problems with information technology, IT, systems or whatever else. We hear this all of the time and farmers keep coming back to us. I have heard the Department tell them that and they are not making it up. It is the reality and I am not sure how it can be dealt with. Perhaps there are too many delivery models of IT systems, not one overall system. I do not know what the problem is, but it needs to be addressed.

It was envisaged that 50,000 farmers would receive a maximum payment of €5,000 per farmer under GLAS, but that has not been the outcome. The big issue in politics is setting out one's intentions and trying to get the outcome to match them. We acknowledge that it is not always easy to do that, but at the same time we are left with a certain underspend under GLAS because farmers will not receive the amount of money they expected to receive. I acknowledge that there is an overlap with the rural environmental protection scheme, REPS, and the agri-environment options scheme, AEOS. There are approximately 2,000 farmers still in the AEOS which will run out very soon and for a time they will be in no scheme. Can these programmes be extended for the short period until a new environmental scheme is put in place? They have finished the AEOS, cannot enter the REPS or GLAS and are stuck.

There have been problems with the beef data genomics scheme, but there are fewer farmers engaged in it than anticipated. When that happens, we expect a certain amount of money not to be spent. One of the questions asked in the document supplied to us by the Department is whether money can be reallocated between schemes and the answer is yes. It takes thinking, but it can be reallocated. It needs to be because there are farmers who are under pressure under many of the schemes. There will be money left over, as Deputy Charlie McConalogue and others said, and we need to find a way to deal with the matter.

The suckler cow sector, about which we are talking, is the one under most pressure. The Minister will acknowledge that the recent report from Teagasc on farm incomes showed that they were going up, but it was all in the dairy sector. Suckler cow and sheep farmers continue to be under the most pressure and are the ones who depend most on the schemes. The beef data genomics scheme would benefit greatly from being married to some element of a suckler cow

scheme to ensure we could do something to enhance quality. The beef data genomics scheme aims to enhance the quality of calves through breeding, but that can also be done through husbandry.

It was said a certain amount of money would be spent under the sheep welfare scheme, but the amount will fall short by approximately €20 million. We heard two presentations on tagging which is the way forward and has to happen. Everyone understands this and the majority of sheep farmers are happy enough with it. They are under so much financial pressure that it is another cost, unless they can see some way to be compensated or assisted in meeting it. The Department has stated it will give €50 per farmer for the first year of the scheme. If it could be added to the sheep welfare scheme, the farmer could receive a little more. It would help to give farmers security. The suckler cow and sheep sectors need a statement from the Department and the Government that they believe in and want to support them. There is an opportunity there to do so.

The Leader programme was mentioned at the very end of the presentation. Some €250 million goes through that programme. I have had this out with the Minister, Deputy Ring. I believe a tiny proportion of that funding has been spent to date. To be frank, these low numbers arise from the reorganisation. It was brought to county councils and every bottle washer that could be found in the country was given a job that had something to do with the Leader programme. It ended up meaning nobody can get money from it. There are community projects all over the country that are frustrated in this regard. It is time to go back and look at this again. The old model delivered very well for communities around the country. People could find individual cases with problems but they were very much in the minority compared with the excellent job done. We can compare the way Leader funding was delivered to communities and the way they benefitted from that with the current state of the programme, which is a complete mess. I appeal to the Minister to speak to the Minister for Rural and Community Development, Deputy Ring, about this and go back to the drawing board. They should work out a scheme to ensure the next round of funding from Leader is not delivered in the same absolutely stupid way.

We can have all the lovely ideas in the world but if they do not work, somebody must stand up and say so. Leader does not work. I travel around the country to speak to people in various county development companies and they say it is not working for them. There are too many rules and regulations and too many people have to look over everything. It ends with nobody getting any money from a programme that is simply not working. That should be acknowledged. We are not interested in beating up or blaming anybody but finding a solution. The Leader programme has brought many benefits to communities in the past but the current programme has brought only frustration. That should be acknowledged and we must ensure it works in future.

**Deputy Michael Creed:** I thank Deputies McConalogue, Cahill and Martin Kenny for their questions. I will try to deal with them all in sequence. I am a little surprised by Deputy McConalogue's opening remarks referring to the Private Members' motion and trying somehow to imply that I am reluctant to be here. I am attending this meeting because this is the vehicle, as I understand it, agreed through the Business Committee. The Government does not control the committee and I am happy to account to it in the context of the Dáil motion. It must be an uncomfortable truth for Deputy McConalogue that the Dáil motion was predicated on support for the suckler sector coming from an alleged underspend in the rural development programme. It is clearly the case that the underspend is a myth, and the Deputy has continued trying to perpetuate that myth. The facts clearly demonstrate-----

**Deputy Charlie McConalogue:** The Minister is the one who is perpetuating-----

**Chairman:** Allow the Minister to speak. I will allow the Deputy to contribute again later.

**Deputy Michael Creed:** The facts clearly indicate there is no underspend and that the opposite is the case. There is an overspend of at least €105 million and if we include areas of natural constraint, it could be significantly higher, perhaps as high as €227 million. If the Deputy's support for the suckler sector is predicated on an underspend in the rural development programme, God help the suckler sector because there is no underspend.

A number of specific issues were raised. It is said that the devil can cite scripture for his own purpose and I will play devil's advocate for that reason. Not for the first time, Deputy McConalogue alluded to a press statement issued by the former Minister, Deputy Coveney, in which he announced the green low-carbon agri-environment scheme, GLAS. If the Deputy has the document in front of him, he will see that the Minister also stated that the scheme had a maximum of €5,000, with a GLAS+ top-up of €2,000. It was estimated there would initially be 30,000 participants, with an additional 20,000 participants, leaving 50,000 people in the scheme. That figure has been achieved. That is clearly the extent of the commitment. The Deputy seems to be implying that for some reason the rural development programme should not honour the contractual commitments that existed in other agri-environment schemes, including the agri-environment options scheme and the rural environment protection scheme, as the carryover from the previous scheme. They were very substantial financial carryover obligations, as I mentioned in my opening remarks. We originally estimated the expenditure would be in the region of €630 million and the outturn is showing a figure of just under €600 million. The carried over liability is approximately €599 million. There was no uncertainty whatever in the Minister's statement. There would be 50,000 participants, with a payment to a maximum of €5,000 and a top-up for those eligible for GLAS+ of €2,000. If the Deputy quotes from a statement, he might quote from all of it in the interests of accuracy.

The Deputy asked a number of other questions, including on the beef data and genomics programme, BDGP. We reopened the BDGP and approved all applications. No one was turned away. We had greater ambition for the scheme but it is true that there were significant headwinds. If I recall, the Deputy was not behind the door in encouraging those headwinds against the scheme and some of the farm organisations were equally critical. They subsequently became champions of the scheme and campaigned to open it again. The campaign against the detail of the scheme caused confusion about its merits, at the very least. We would have liked to have had more participants but when the scheme was reopened, the number of applications did not match our ambition. Currently, there are 24,600 applicants. It is a good scheme, which will deliver for the beef industry in terms of carbon efficiency, profitability, etc. We opened it and approved all applications.

Deputy McConalogue asked a specific question on GLAS carryover post-2020. My information is that this would refer primarily to GLAS 3 applicants, of which there are approximately 12,000. The cost of that carryover post-2020 will be in the region of €50 million.

The Deputy also raised a question about the targeted agricultural modernisation schemes, TAMS. We have a total outstanding commitment of more than €100 million for 10,000 farmers who have current approvals issued but the work has not been completed or the Department has not been notified that a claim is to be submitted. We moved from a three-year approval process to a process of 12-month approval. With plant, the approval process is six months in duration. This gives a better capacity to track who is doing what. The first of the three-year approvals



expires towards the end of this year. This will give us a better opportunity to profile the demand on the expenditure. We have just concluded an application round for which interest was substantial. We recently closed tranche 10 and it is anticipated there will be 20 tranches under TAMS, each lasting three months. We anticipate significant demand for capital investment of the type envisaged under TAMS and there are various categories, ranging from low-emission slurry spreading to young farmers to tillage. There is a list of six or seven headings under which approval will be made. Two further tranches will be opened this year.

I take Deputy Cahill's point about delays in approvals. To be honest, it is difficult to envisage an application being submitted in the current tranche, which has only just closed, asking for approval to put down a slab for first-cut silage. There is the old Irish saying "Ní hé lá na gaoithe lá na scolb", or it is not the windy day you thatch the roof. There is a period in which an application is processed. We make every effort to do so but to be applying in the current tranche for slab for first-cut silage is a bit ambitious. The departmental staff will try to accommodate people in most cases.

Deputy Cahill raised the issue of sheep tagging and EID, which is the best available technology in the context of traceability, market access and food safety. We now have the FSA report. I have never shrunk from saying there is a cost but there is also a labour saving device and it is much more effective for traceability than the current regime. Transposing 13-digit numbers onto despatch documents is not conducive to accuracy. We have engaged with a lot of stakeholders around all these issues and I am convinced it is the right thing to do and will deliver for the industry in the shape of market access and other gains.

Deputy Cahill also raised the issue of the hen harrier scheme. I have designated land in my constituency so I understand his concerns. I am delighted to have reinstated a scheme which was dropped by a previous Administration in 2008 or 2009 at the height of the crash. I never said it would be the sole vehicle to address the issue raised by Deputy Cahill as there is a blanket ban on afforestation, which is the subject of a long and tortuously slow threat response plan being delivered by the National Parks and Wildlife Service and the Department of Arts Heritage and the Gaeltacht. I have been in contact with the relevant Minister and there has been engagement with stakeholders recently that might see some potential for afforestation in some areas, and though the details are yet to be spelled out I have always said a combination of both things could deliver a comprehensive response for landowners. The Deputy also asked about TAMS assistance for milk tanks. TAMS has always been a form of grant aid for purchase and that is the problem. I know there is a tradition in the area of co-operative involvement.

Deputy Kenny referred to GLAS and we have engaged at length on GLAS payments. While there are issues in the Department, the overwhelming majority of cases where payment has not been made are cases where we await the submission of documentation from clients. There are a few cases that might have come through appeals processes or where there were changes in actions on particular plots and they all require resolution by the Department but the Department is working through payment details.

The Deputy spoke about an underspend but there is, in fact, a substantial anticipated overspend in the rural development programme of €160 million. People whose membership of the AEOS scheme is expiring had the opportunity to transfer into GLAS but because the rural development funding is overspent there is now no opportunity to reopen the scheme. There is a hierarchy in terms of qualifying and in terms of the environmental assets which we prioritise and we told people in previous schemes that they could switch over. With the funding now having been committed, however, we would have to take funding from other areas to reopen

GLAS. Due to the overspend of €105 million and a possible areas of natural constraint, ANC, overspend of €227 million, the latitude is not there now.

I have dealt with the suckler cow scheme. Our shared objective is to support the beef sector and somebody referred to the recent Teagasc farm incomes data showing two faces to agriculture - one the very successful commercial dairy side, and to a lesser extent tillage, the other the low-income livestock and beef sector. The challenge for the next rural development programme is to find the optimal way to support that sector and I look forward to engaging with this committee on the post-2020 CAP in this context. The detail of the new schemes will be worked on in the immediate period ahead.

Deputy Kenny asked about the Leader programme. I do not want to trespass on other ministerial areas and we effectively act as a postbox in relation to the Leader programme. The funding comes through the rural development programme but it is spent and organised by the Department of Rural and Community Development. I know from speaking to Leader groups in my own constituency that it has been particularly slow but I suggest it is not so different from previous rural development programmes, which cranked up slowly and then took off. I understand that about €5 million of the €250 million has already been spent, although I may be wrong. There was a substantial reorganisation of the Leader groups because, with less funding being available, they wanted to reduce overhead costs and concentrate whatever scarce resources were available on projects at the coalface. A lot of the reorganisation took longer than people anticipated but it has now been concluded and in my own area I have seen the beginning of projects coming through the pipeline and getting funding. I suspect that will accelerate in the months ahead.

**Senator Michelle Mulherin:** I recall the last round of Leader funding when the then Minister, Phil Hogan, had to redistribute funding from certain Leader companies that did not spend their money. There were problems and some money was not being spent. Some Leader companies even went to the wall, including one of the three in my area. The money needs to be spent.

Earlier, we were dealing with electronic tagging of sheep. I know the Minister is aware of this, but farmers are not too impressed at being asked to pay for this. I wanted to make just one point about the equity of this, and I made it when representatives of the meat industry and Department officials came before the committee. The Food Safety Authority of Ireland is issuing its audit report, which points to deficiencies in Department inspections of factories and the jobs the factories might do. One can talk about inspections and paperwork and so on. The reality is that this move will benefit everyone, but the only people paying the €50 the Minister is talking about, which, wherever that money comes from, is taxpayers' money, is the farmer, ultimately, because it is a flat fee for him or her. There is therefore a question about the equity of this and fees being piled on farmers again. While €50 is not the biggest sum in the world, it all adds up. As I said earlier, we have sheep farmers where I am situated and we have suckler cow farmers, and they all say the next generation is not interested. This just compounds it and, of course, we all know about the extended winter we had.

I wish to make a few points about the beef data and genomics programme. As the Minister knows, a few weeks ago, we had the Irish Charolais Cattle Society and the Irish Cattle Breeding Federation, ICBF, before the committee. I think everyone in general agreed with the merits of a more scientific approach to breeding and looking at genetic information that can improve breeding. That makes sense. I think there are certain disputes over how the programme is operating, especially on the part of the Irish Charolais Cattle Society. More to the point, seeing as the ICBF plays a pivotal part in the rolling out of the beef data and genomics programme

and a commitment was given at the time that there would be a review of the programme by the Minister of the day after a number of years, I think concerns were raised. My understanding is that the gist of this was that it is a very good idea but there is not enough genetic data or information at present to make the star ratings mandatory. One point the ICBF made well is that on its board, which of course existed before this scheme came into being, the cattle breeders have a very small representation and feel they are not getting an input into the way in which that ship is being steered. The witnesses at that meeting made some good points, bearing in mind that these cattle breeding societies also have an interest in excellence in breeding. They raised some legitimate questions.

Going back to the sheep again, the Minister is basically saying there are no underspends in any scheme - nothing.

**Deputy Michael Creed:** No. For the sake of accuracy, I am not saying there is no underspend in specific schemes. However, when the cumulative impact of underspends and overspends is taken into account, there is an overspend of €105 million.

**Senator Michelle Mulherin:** The request is that, rather than the €50 per farmer, the Department would increase the payment under the sheep welfare scheme.

The Minister has more or less dealt with the issue of GLAS. He mentioned the option that farmers on AEOS had to move to GLAS, but the reality now under AEOS 3 is that farmers are leaving it and will probably be three years without getting a payment under a scheme or something similar. There are also new farmers who are not getting any GLAS payments. Is there a possibility to reopen GLAS in a limited fashion or do something similar with this balancing act the Department is doing? Again, this would be in the interests of fairness.

Perhaps this next issue is very broad. Freshwater pearl mussels are the bane of my life. I do not think they are very rare at all. Every time we go to build a road or bridge in County Mayo we are stopped because of freshwater pearl mussels. Fifty per cent of our land is designated. I think wild mushrooms are now rarer than freshwater pearl mussels because the latter are all over the county. Money is being given for this scheme that is in place, which I presume is co-funded by Europe along with the Government. Is the trade-off that we stick with these designations and we cannot build bridges or roads? Is this really what this money is about? Many people listening in who live in urban areas, when they think of designated land, tend to think it is virgin land or something. We have a national primary road either side of which is designated. The road itself is in a designated area, so we cannot move and are being crippled all the time. Something must be done, and I will keep doing whatever I must do to try to change this along the western seaboard, particularly in County Mayo. Many of us will have to come together or else rural Ireland is going nowhere. It does not matter how much money we pump into Leader or this, that and the other; if we cannot get a road or bridge built, where are we going? What is the situation in respect of the freshwater pearl mussel? Can the Minister give me a little more information about it? As I said, they are as common as muck in Mayo. I was told not so many years ago that fellas used to come over from Scotland and take them out of the river and no one knew what they were. I also read somewhere, as my antennae are raised, that a freshwater pearl mussel fetched something like €700,000, so perhaps we should be all in the rivers looking for them. What I am saying is that people want to be responsible-----

**Deputy Michael Creed:** There is gold in them there rivers.

**Senator Michelle Mulherin:** We might have a flurry of people going into the rivers now. I

would just like to understand better what is going on here because, humour aside, it is a serious problem in County Mayo and I know elsewhere with designated land.

**Senator Paul Daly:** I welcome the Minister. Most of the issues in his statement have been covered by previous speakers, so I will not go over old ground. I will ask some specific questions and perhaps get a little bit of an insight as to how this whole system is predicted by the Department, and I say this particularly because the system is very predictable. No one is standing over anyone with a big stick saying, “You predicted you would spend X amount on a scheme and then there were only half the predicted applicants.” One cannot hoodwink or force farmers into applying for schemes, so it is only natural that in some cases, possibly all cases, there will be an underspend. None of us has a crystal ball. Conditions change. Farmers with the best intentions might apply for a scheme today and, if their circumstances change, not apply tomorrow. In the Department’s thinking, when it comes to us with these headline figures, how are they arrived at? What mechanism, if any, or contingency plan, is there within the Department if the scheme does not achieve the predicted number of applicants and the Department can see an underspend coming down the line? What is plan B in such a case? The money has been set to one side, but one sees six months or a year in advance of the end of a scheme that it has not had the expected uptake and the Department will not reach the figure. What happens then with the budgeted money for that scheme?

I would also like to know how many approved TAMS schemes were not carried out now that some of them would have reached their deadline date to have the work completed. They were approved. I do not want the overall number of applicants but the number of applicants who were approved and have now come to their completed deadline and were not taken up. I know there are a number of such cases. I have some experience on the building side of the matter. This is probably a side issue, but do the Minister and his accountants here from the Department think that the terms and conditions of many of the schemes, TAMS in particular, and the standards required to achieve the grants are over the top? When the applicants, having applied and been approved, then sit down and start doing their costings, they see they may be better off going and doing the project and forgetting about the bloody TAMS grant altogether. They see they can probably achieve as much for less output of their own money and forget about the State money they would have got.

I have already asked how the Department comes up with the headline figures. Deputy Cahill has already mentioned the hen harrier scheme. The Minister is saying €25 million is allocated for the scheme, but if one sits down and does the sums on it, one finds that, if one had 100% take-up from every eligible qualifying stakeholder out there and they all achieved the maximum payment, which is not possible because of the way in which the scheme is set up and the tick-box exercise that must be done, it would come to €17.5 million. If we had 100% take-up on the maximum payment the figure would come to €17.5 million. Yet, the headline figure is €25 million. Can someone explain that to me? There will be a shortfall in spending on the scheme unless something miraculous happens. I am no mathematician or genius but I can predict that will happen. How are the headline figures generated when schemes are being announced with details on what will be spent on them?

**Deputy Michael Creed:** Senator Mulherin raised the issue about sheep electronic identification tagging and the prospect that there could be an increased payment under the sheep welfare scheme. The sheep welfare scheme is precisely that. Actions under the sheep welfare scheme are designed for hill or lowland sheep. Sheep EID simply would not fall under either category of welfare. It simply would not be possible to top up, as suggested by the Senator and

others.

**Chairman:** Could the EID tagging be included as an action?

**Deputy Michael Creed:** No, because all of the actions are welfare-related, whereas that would not be seen as a welfare issue. The scheme included feeding of ewes, dips and footbaths and so on.

**Chairman:** It is probably arguable.

**Deputy Michael Creed:** It would be hard to see how we could get EID recognised as a welfare issue for sheep. I do not think that is possible.

**Chairman:** It might be handier for the human, anyway.

**Deputy Michael Creed:** Senator Mulherin also asked who bears the cost. I appreciate that the cost is borne by the farmer and I have never hidden from that. If costs are reduced along the line and that results in diminished costs elsewhere, then there is a likelihood that some of the saving will be passed back to farmers. This should help as well. It is not a silver bullet but it should help with market access. More market access is beneficial. Let us consider the converse. If we have fewer markets we become more of a price taker, whereas when we have more market opportunities we are better able to navigate the best opportunities for farmers, if one market goes down. I firmly believe this is the right thing to do for many reasons. There is a cost for market access but there are labour saving elements as well. The Food Safety Authority of Ireland report speaks for itself. I believe it is the right thing to do.

Senator Mulherin raised the issue of an evaluation of the beef data genomics programme. That is under way. I have no wish to go into too much of the detail but it is a data driven scheme. The more data and information that is available to farmers about breeding practices in the beef industry, the better. The same applies to any industry. This has been proven in the dairy herd. The more data available to farmers that is gathered from this programme, the better their chances of making proper decisions in their farms.

I would encourage the Irish Cattle Breeding Federation, ICBF. It is not a Department agency. In fact, I believe it operates under a co-operative structure. We do not appoint board members. However, I believe there is a case to be made for the ICBF to be more engaged and proactive in terms of what I believe is a story that the federation needs to share. As the federation gathers more and more data, the story will help the industry to make better informed decisions.

I have no wish to get caught in the crossfire between breeding societies and the ICBF. They have different, if not conflicting, objectives. Good luck to breeding societies. Farmers should be able to make informed breeding decisions on the basis of data. That is what the beef data genomics programme aims to do. Those data must be legible, decipherable and consumable by farmers. That is something the ICBF could take on board in getting its message out.

I take Senator Mulherin's point about the pearl mussel. I have seen some of this stuff myself at constituency level as well. There is a conservation element, as in the hen harrier scheme. We need to be practical about how it impacts with development objectives locally. It is not especially useful to comment any further on that.

Senator Daly makes a point about how many will apply for the scheme and how we plan for it. We are into numerous rural development plans at this stage. We have form in respect of vari-



ous schemes, including the agri-environment option scheme, GLAS and the rural environment protection scheme. We have a reasonable handle on the appetite for such schemes. Therefore, we can make an informed guess on the level of applications.

Senator Daly mentioned the hen harrier scheme and asked what if everyone applied. It is never the case that everyone applies. The criticism I am getting on the hen harrier scheme is that farmers cannot get in fast enough with their applications. There is a process that the scheme requires farmers to join at various stages. There is form in terms of estimating the level of interest in any scheme. We get representations from farm organisations as well and that is helpful. We hear from all stakeholders on what schemes might be of interest. All these things go into the mix in constructing the next rural development programme.

The policy objectives need to be met as well. There is farmer interest in schemes. In the context of the next rural development programme a major challenge will be to align them. Our requirement will be to align more of our rural development programme and our pillar 1 spending on climate-related projects. That is clearly a policy direction of travel. We need to be able to find a way to do that which works for farmers.

**Senator Paul Daly:** The Minister said himself that the Department seldom has 100% take-up. That is the point I am making. Who did the sums on it? Even if the person allowed for 100% at maximum payment, the scheme funding still only comes a little over two thirds of the way to €25 million. Where did the figure of €25 million come from with all the experience the Department has of previous schemes?

**Deputy Michael Creed:** The hen harrier scheme was the first time we had a scheme of that nature.

**Senator Paul Daly:** I know but it is a simple sum. We calculate 100% applications at maximum payment.

**Chairman:** How many applicants are there, potentially? I think that is the question Senator Daly is asking.

**Deputy Michael Creed:** I gather approximately 4,000 landowners are in the designated lands between all the various regions.

**Senator Paul Daly:** I calculated a sum on the given total number at the maximum allowable payment. It comes to €17.5 million.

**Deputy Michael Creed:** I understand the scheme targets approximately 2,000 participants.

**Senator Paul Daly:** It cannot possibly reach €25 million on the figures I have. Yet, €25 million is touted as the number.

**Deputy Michael Creed:** That is not the information available to me.

**Chairman:** Minister, can we get clarification on that point?

**Deputy Michael Creed:** I imagine numerous parliamentary questions have been answered on the matter but we can get the committee information on that.

**Chairman:** The Senator asked about the number of approvals not drawn down under the targeted agricultural modernisation scheme.

**Deputy Michael Creed:** The first of the three year approvals will expire later this year. We will get a handle on the number of those that are not proceeding or have not proceeded. This includes shorter term approvals that have not been completed. We are into the six month approvals. The numbers that have not proceeded are low indeed. Expired approvals to date amount to a little under €1 million.

**Deputy Charlie McConalogue:** I wish to address some of the Minister's comments. The Minister indicated that he was confused at my opening comment on why we were at the committee discussing this matter. The Minister indicated it was his understanding that it was the view or wish of the Business Committee of the Dáil that this should be dealt with at the Oireachtas Joint committee and that the Minister was complying with that desire. I will clarify the position. The motion passed by the Dáil required the Minister to carry out a review of the rural development programme within two months and report on the spending commitments made and the participation rates for the schemes, but he did not do so. When he failed to do so, I wrote to him and the Ceann Comhairle about his failure to comply with the motion. The Minister responded to me by letter to the effect that he had answered questions about the rural development programme at a previous meeting of the committee and believed that in so doing he had done all that was required of him. I then wrote again to him and the Ceann Comhairle. When the Business Committee next discussed the issue, this committee had already written to the Minister asking him to appear before it to account for his failure to follow through on what was requested of him in the motion. We are here on the basis of his failure to comply with the motion to carry out a review of the rural development programme.

The Minister has indicated that support for the suckler cow sector is predicated on there being an underspend under the rural development programme. During the debate on the motion Fianna Fáil called for support for the suckler cow sector, which is under massive pressure. There are parts of the country where engagement in suckler beef and sheep production is the only suitable farm enterprise. We need to work together to support the farmers involved to continue to make a living. The motion sought to establish whether there was an underspend under the rural development programme and, if such underspend was identified, to ensure it would be directed towards providing support for the suckler cow sector. The motion also stated that, regardless of the underspend, the position on which needed to be clarified in the immediate term, we needed to work together in the next CAP negotiations to support the suckler cow sector. That was Fianna Fáil's position on the matter. The Minister has since been dismissive of any need for support for the suckler cow sector. Earlier this year he floated the idea of an early slaughter premium to support the sector, but a couple of months later he said he no longer supported that proposal, such that we are now not certain of his position. That has been his track record on the matter.

The Minister indicated that Fianna Fáil was of the view that we should not honour a commitment in respect of carryover from a previous rural development programme. That is not the core of what we have been saying; rather, we have been saying the Minister should honour his commitments in respect of the programme, including the commitment of €1.4 billion for GLAS. We are saying he should honour no more than his own promises, instead of trying to cloud the position in terms of what was in place previously. Previously, he committed to providing €1.4 billion for GLAS, but he is now saying that figure included a transitional payment from the REPS and the AEOS.

On the spend under GLAS, the Minister said that the former Minister, Deputy Simon Coveney, had indicated in a press release that there would 50,000 participants in the scheme and

made the point that in not referencing that there were 50,000 participants I was only giving half the story. In other words, I was referring to the commitment to provide €1.4 billion but not to the 50,000 participants. The Minister's point is that because the scheme has been taken up by 50,000 participants the Government has fulfilled its commitments. I never said there would not be 50,000 participants. I acknowledge that figure has been achieved. I was focusing on the commitment given by the then Minister, Deputy Simon Coveney, that there would be €1.4 billion specifically for GLAS within the period of the rural development programme from 2014 to 2020. The Minister is now saying the €5,000 per participant figure was the maximum payment and that it was never intended that it would be an average sum. That was not the position of the former Minister, Deputy Simon Coveney. His position was that that he expected it to be the average figure.

I am not the first person to raise this as an issue or fight this battle. Deputy Éamon Ó Cuív was very much to the fore in highlighting that the Government was not following through on its promises. At Question Time in the Dáil, when he and the then Minister, Deputy Simon Coveney, were debating whether the Government's funding commitments would be followed through, Deputy Éamon Ó Cuív asked the then Minister whether the average figure of €5,000 would be achieved and whether the full spending commitment would be met. In response, the then Minister said the maximum payments under GLAS and GLAS+ would be €5,000 and €7,000, respectively. It was always expected that the average payment would be close to the maximum figure of €5,000 because the majority of farmers would be eligible to draw down the full amount. It should be borne in mind that some would be receiving €7,000 under GLAS+. The then Minister went on to say that, on the basis of the number of entrants up to that point, he had no doubt that GLAS would succeed in attracting 50,000 applicants over the lifetime of the scheme and that it was projected that expenditure of about €250 million per year would be required when the full 50,000 applicants were participating in the scheme. That gives an average figure of €5,000. That is what the former Minister said. The present Minister, Deputy Michael Creed, is now backtracking and saying the sum of €1.4 billion announced by the former Minister for GLAS always included the figure of €400 million and that the Government was always clear on this. The Minister was never clear on it. It was always hidden. In fact, it was made clear that €1.4 billion was being provided for GLAS. It has now been clarified that was not what was being delivered and that farmers were sold a fib at the time.

On the next rural development scheme, can the Minister outline the projected spend on GLAS in 2021 and 2022? As we already know the number of participants in GLAS and how much they are being paid, the Minister need only make a simple calculation to provide the committee with the projected spend in those years. He referenced a spend of €4 billion under the current rural development programme. When one takes from that figure the €600 million for the transitional arrangement under the previous rural development programme, the figure for the 2014-20 rural development programme amounts to only €3.23 billion. Will the €104 million the Minister referenced as being the overspend be taken from the allocation for the next rural development programme because included in the €104 million is the additional €25 million of national financing for the area of natural constraints scheme? There is also the additional €100 million of national financing for the sheep welfare scheme. The Minister sold these increases in funding to farmers as Exchequer payments over and above what was being provided for in the rural development programme, yet he is saying today that the overspend of €104 million under the current programme will be part of a transitional arrangement and clawed back under the next rural development programme.

**Deputy Michael Creed:** The Deputy is engaged in selective quotation. The press state-

ment to which Deputy McConalogue keeps alluding states:

I firmly believe it will deliver enormous dividends to rural Ireland, to the 30,000 Irish farmers we hope to see join GLAS in its first phase and to 20,000 more who will join in subsequent years.

That is what the then Minister, Deputy Simon Coveney said at the time. I quote further from the press statement:

GLAS is structured as a package and offers a maximum payment of €5,000 per applicant per full calendar year except where GLAS+ applies.

In reply to a parliamentary question-----

**Deputy Charlie McConalogue:** It also mentions €1.4 billion for GLAS to the end of 2020. The Minister is selectively quoting himself now, is he?

**Deputy Michael Creed:** If the Deputy would let me quote from the PQ reply from Deputy Coveney, it covers the point the Deputy makes. He said the total expenditure envisaged for GLAS measure 10 over the life of the scheme was €1.4 billion, including an allocation of some €390 million in transitional funding for remaining commitments arising from the agri-environment measures in the 2007 to 2013 rural development programme. They are the legacy issues we honoured contractually.

**Deputy Charlie McConalogue:** What was the date of that reply?

**Deputy Michael Creed:** It was 29 September 2015.

**Deputy Charlie McConalogue:** It is very nice to find one answer where he says that because every other time he said something very different.

**Deputy Michael Creed:** As I said in my opening remarks, the devil can cite scripture for his own purpose.

**Deputy Charlie McConalogue:** The devil the Minister is talking to is his own Government.

**Deputy Michael Creed:** What the Deputy is putting is a skewed and slanted interpretation of the Minister's words. GLAS was always envisaged to be a 50,000 applicant scheme and that has been achieved. We are going around in circles. To an extent it is a dialogue of the deaf. It has been a very successful scheme. The commitment is a €160 million overspend which reflects the level of our commitment.

The Deputy asked about the sheep welfare scheme. The rural development programme is €4.1 billion. While the sheep welfare scheme is approved under that programme, it is funded by the Exchequer.

**Deputy Charlie McConalogue:** So, it is not additional money over and above that. It comes out as part of the rural development programme and that €4 billion envelope.

**Deputy Michael Creed:** It is approved under the rural development programme to which we put in additional Exchequer funding.

**Deputy Charlie McConalogue:** The Minister refers to additional Exchequer funding of €100 million. It will not quite be €100 million because there was underspending.

**Deputy Michael Creed:** In the context of this issue of €100 million, we sought approval for the scheme on the basis of a potential liability of up to €100 million should everyone apply for every eligible ewe. That did not happen.

**Deputy Charlie McConalogue:** The sheep welfare scheme and the additional €25 million for ANC are funded from the Exchequer.

**Deputy Michael Creed:** Yes.

**Deputy Charlie McConalogue:** That was sold to farmers as additional funds and new money in the budget.

**Deputy Michael Creed:** It is entirely funded by the Exchequer and it is approved. The ANC is a rural development programme and it is open to the State to fund at a higher rate. We have put additional money into the ANC and we have put additional Exchequer funds into the RDP to fund a sheep welfare scheme.

**Deputy Charlie McConalogue:** While the Minister says the €100 million for the sheep welfare scheme and the €75 million for ANC are additional funds, it is clear from the Minister's presentation today that this €175 million is part of the rural development programme spend. The Minister says that when the RDP is all added up, there was a €104 million overspend which will now have to form part of the transitional arrangements into the next RDP. As such, it is not additional money and it is not extra in Exchequer terms. In fact, the Government will pay for it out of the next RDP post-2020.

**Deputy Michael Creed:** It is. The rural development programme is part of the budgetary process.

**Deputy Charlie McConalogue:** I understand that.

**Deputy Michael Creed:** On an annual basis, we have to secure approval for that. We have secured a commitment for the sheep welfare scheme and for the ANC. The premise of all of this was that we were not going to draw down the funding available to us in Europe. The point I make is that every last penny will be drawn down and we have put more money into the RDP than was necessary to draw down every last penny to meet our additional commitment under ANC.

**Deputy Charlie McConalogue:** We would not expect any less than every last penny.

**Deputy Michael Creed:** I do not know if the line the Deputy is pursuing is a criticism of us putting more money in.

**Deputy Charlie McConalogue:** The line I am pursuing is that the €175 million for the sheep welfare scheme and ANC payment has been sold to farmers as additional funds but will actually be paid for by way of a transitional arrangement by being taken out of the next rural development programme period. That is how the Minister's presentation stacks up. It is crystal clear that it will be part of the transitional arrangement into the next rural development programme. The Minister may want to go away to correct that and revert to us another day, but that is what is being presented to us today. It is part of the transitional money which will have to feed into the next rural development programme period post 2020 and into 2027.

**Deputy Michael Creed:** The allocation under the ANC and the sheep welfare scheme is part of our commitment under the original rural development programme. The overspend is our



analysis across all of the schemes in terms of the profiled expenditure. In so far as we can anticipate it accurately, it reflects at this stage an overspend of €104 million. When one adds in the ANC, which is a rural development scheme but applied for annually rather than on a five-year contract basis like AEOS, GLAS and BGDP, the overall overexpenditure is over €104 million.

**Deputy Charlie McConalogue:** I asked how much of GLAS would run post-2020 into 2021 and 2022.

**Deputy Michael Creed:** I gave that figure earlier. It is at least €50 million.

**Deputy Charlie McConalogue:** How does that break down over each year?

**Deputy Michael Creed:** I will have to get the details. I understand it relates mainly to GLAS 3 applicants who will be rolling over into the new rural development programme.

**Deputy Charlie McConalogue:** That will form part of the transitional payment into the next rural development programme. That part of GLAS will be paid for out of the next RDP, not the current one.

**Deputy Michael Creed:** It is that part of GLAS, as AEOS and REPS were in the last one. If one joined in 2017-----

**Chairman:** It might be one's term.

**Deputy Charlie McConalogue:** As part of his presentation today, the Minister outlined how he has taken €70 million from GLAS to pay for the Burren programme and the locally-led EIPs. GLAS is €70 million less as a result of paying for EIPs and the Burren programme out of the current rural development programme. There was no allocation for those in the original RDP. That is now coming off GLAS as part of the 2014 to 2020 RDP.

**Deputy Michael Creed:** What is the Deputy's point?

**Chairman:** He says the money for the Burren scheme came out of the GLAS scheme.

**Deputy Charlie McConalogue:** We very much dispute how much the Government ever said it would spend on GLAS. I have been holding the Minister to account for the promise to spend €1.4 billion on it. The Minister has been indicating that it is currently €160 million overspent and I am pointing out that the Minister's presentation today indicates that he took €70 million away from GLAS to fund the Burren scheme and EIP. While those are obviously good schemes, the stated €160 million overspend fails to account for the fact that the Minister took €70 million away.

**Deputy Michael Creed:** My understanding is that it was originally envisaged that the Burren scheme would come in under measure 10. The Commission advised subsequently that it was more appropriate under measure 16 under the rural development programme or it might be the other way around. The funding was always envisaged for the Burren but it had to be moved from one measure to another.

**Deputy Charlie McConalogue:** One final question on the beef data genomics programme and the fact that the projections as part of the rural development programme indicated that there would be 35,000 farmers in it at a cost of €300 million. We only have just over 24,000 which is two thirds of that. The Minister is saying that two thirds of the initial projected membership will cost €290 million, almost as much as it would have cost for 35,000. How are those projec-

tions so wildly wrong?

**Deputy Michael Creed:** My information is that it depends on the profile of the applications. It depends on the size of the holding and the number of animals but this is the level of expenditure envisaged from the profile of farmers that we have in the programme. If we had more farmers in it we would be further overspending on the scheme.

**Deputy Charlie McConalogue:** I make that observation because to achieve the initial projection of 35,000-----

**Deputy Michael Creed:** Would have been a further overspend.

**Deputy Charlie McConalogue:** Given that there was a suckler cow welfare scheme that had 50,000 in it previously and that there would have been some evidence to work off in terms of applicants, herd size and numbers, those figures on the spend per applicant were different from how it worked out and I wonder how it turned out to be so different.

**Chairman:** Is it an overspend that carried over into the new scheme?

**Deputy Michael Creed:** Not necessarily. Depending on when people joined the scheme some may have, if their five year contract went post 2020. If we had received the number of applications that we had the ambition for and the profile was similar to that of those who did apply, it is highly likely we would have a significant overspend.

**Chairman:** Was the scheme reopened in 2017?

**Deputy Michael Creed:** Yes.

**Chairman:** Was it 1,500 or 1,600 farmers-----

**Deputy Michael Creed:** It was late 2016. They came into the scheme in 2017.

**Chairman:** They will obviously be going post-2020.

**Deputy Michael Creed:** Some will, yes.

**Chairman:** That will be a carryover.

**Deputy Michael Creed:** Yes. They are on a six year contract.

**Chairman:** It is a five year scheme is it not?

**Deputy Michael Creed:** Six years so some of them will-----

**Chairman:** Some will carry over. There are no further questions. I thank the Minister and his officials for coming here today. He referenced the new CAP in some of the discussion around rural development. This committee has had a lot of engagement so far on that and we previously discussed whether the Minister or his officials may be available to the committee before the summer recess to give us an update or briefing on where we are with CAP at the moment in advance of discussions that will take place during the summer if that is possible.

**Deputy Michael Creed:** I am not sure if it has been communicated to the committee yet but I am holding a stakeholder engagement on 4 July in which the committee and all of the party spokespersons are invited to participate. There is no difficulty with either I or my officials coming in before the summer recess.

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**Chairman:** I appreciate that. There is no further business. The meeting is adjourned until next Tuesday, 26 June at 3.30 p.m.

The joint committee adjourned at 7.14 p.m. until 3.30 p.m. on Tuesday, 26 June 2018.