

DÁIL ÉIREANN

AN COMHCHOISTE UM THALMHAÍOCHT, BIA AGUS MUIR

JOINT COMMITTEE ON AGRICULTURE, FOOD AND THE MARINE

Déardaoin, 15 Iúil 2021

Thursday, 15 July 2021

Tháinig an Comhchoiste le chéile ag 9.30 a.m.

The Joint Committee met at 9.30 a.m.

Comhaltaí a bhí i láthair / Members present:

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

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

Business of Joint Committee

Chairman: Before we begin, I remind members that, in the context of the current Covid-19 restrictions, only the Chairman and staff are present in the committee room. All members must join remotely from elsewhere in the parliamentary precincts. The secretariat can issue invitations to join the meeting on MS Teams. Members may not participate in the meeting from outside of the parliamentary precincts. I ask members to mute their microphones when not making a contribution and to please use the raise hand function to indicate. Please note that messages sent to the meeting chat are visible to all participants. Speaking slots are prioritised for members of the committee.

The topic of today's meeting is pre-legislative scrutiny of the general scheme of the animal health and welfare (amendment) Bill 2021. The meeting will be in two sessions. From 9.30 a.m. to 10.30 a.m. we will have engagement with representatives of independent mink farms and from 10.30 a.m. to 11.30 a.m. we will have engagement with the Minister for Agriculture, Food and the Marine, Deputy McConalogue, and officials from the Department.

General Scheme of Animal Health and Welfare (Amendment) Bill 2021: Discussion

Chairman: I welcome Una Heffernan, Vasa Limited, mink farmer; Mr. Michael Curran, Willow Herb Farm, mink farmer; and Mr. Gerard Reynolds, Gerard P. Reynolds Associates, contracted accountant, representing the three mink farmers. They are joining remotely from a witness room in Kildare House. The opening statement and briefing material have been circulated to members. Time is limited due to Covid-19 safety restrictions. The committee has agreed the opening statement will be taken as read, so we can use the full session for questions and answers. All opening statements are published on the Oireachtas website and are publicly available.

Deputy Carthy had to go to the convention centre and has sent his apologies. However, he is fully up to speed with the issues. He will be joining the meeting at a later stage but he will probably miss your presentation.

Witnesses are protected by absolute privilege in respect of their evidence to the committee. However, if they are directed by the committee to cease giving evidence relating 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 or make charges against any person, persons or entity by name or in such a way as to make him, her or it identifiable. Participants in the committee meeting who are in locations outside the parliamentary precincts are asked to note that the constitutional protections afforded to those participating from within the parliamentary precincts do not extend to them. No clear guidance can be given on whether or the extent to which participation is covered by the absolute privilege of a statutory nature.

I now invite questions from the members. Deputy Collins was first to indicate.

Deputy Michael Collins: The fur farming industry would not be my strongest point and the reason I am going first is I have an issue with my phone. It is 14% charged and it will not seem to go above that so I am afraid I will get cut off.

I do not know any of the three people before us but I welcome them. I will put a question to Mr. Curran, which Ms Heffernan and Mr. Reynolds might also want to answer. This is a sector of farming that looks like it is going to cease. Was there an agreement with the witnesses? Was there a process of working towards this or is it being sped up in some way? How many people will lose jobs? The witnesses are availing of services, such as purchasing of foods, so how many people will be affected if fur farming in Ireland comes to an end?

Mr. Michael Curran: I thank the Deputy. We have been engaging with the Department of Agriculture, Food and the Marine on this over the past number of months. There have been many letters and meetings to and fro, but a good deal more needs to be done. We are not satisfied with much of the correspondence which has been received. The Deputy asked about jobs. We have 13 jobs in this sector, but in the sector in total, you are probably talking about between 30 and 40 jobs. However, it is not just the few jobs involved in the sector directly, but it is the jobs in the spin-off industries, such as food suppliers. What will they do with the remains of the food that we do not collect? What will be the story there? We are dealing with close to 70 or 80 food suppliers throughout the island of Ireland. In my particular region, we are probably dealing with 25 food suppliers.

We do business with 250 companies on the island of Ireland, from buying the nuts and bolts to other identities we deal with. There is a lot involved in this. People do not realise the networking that we do. It is a huge operation. We have been here for 61 years and it has been built up into a huge industry. Many people are depending on this.

Speaking for myself, a group of 70 farmers receive fertiliser from us. That will be a big issue for them when we close. It will be an extra expense on them given the way times are going.

Chairman: Deputy Fitzmaurice seems to have lost the connection, so I call Senator Lombard.

Senator Tim Lombard: I welcome the witnesses. The opening statements were very helpful. Could I ask the auditor, Mr. Reynolds, to go through the issues the witnesses have with the Department of Agriculture, Food and the Marine? There is talk of a fair compensation scheme and how that has been set out with the Department. The witnesses mentioned core issues that have not been addressed with the Department. Could the auditor go over what those core issues are, so that we can raise them with the Department representatives when we meet them in the next session? It is important we hear about the nuts and bolts, or about the core issues, of the scheme that are problematic.

I have a question for the farmers. I am a farmer but I have never been on a mink farm. The farmers might go through the processes on the farms. What farm inspections were happening on their farms?

First, I would like to hear from Mr. Reynolds and then maybe the farmers might give me an overview of how the farms works.

Chairman: Which of the witnesses would like to take that question from Senator Lombard?

Ms Una Heffernan: I can take that question when Mr. Reynolds is finished.

Mr. Gerard Reynolds: Good morning everybody. I thank Senator Lombard for his question. The compensation scheme package is dealt with in section 68 of the draft Bill. In particular, subsections (3) and (16) set out the heads of compensation and the definitions of how

this compensation will be calculated. The farmers would have concerns under all heads. I appreciate there are constraints of time here this morning, so I will just give an overview of the points. If there is time, I will try to answer the questions. The initial part, the most focused part of the compensation, is in relation to the unrealised profits and net asset value. The unrealised profits terminology effectively is earnings before interest, tax, depreciation and amortisation, which is effectively adjusted profit. The Department of Agriculture, Food and the Marine, in the proposals, in subsection (16) is suggesting that the compensation package be calculated on an average of the profits for the last five years, that is, the years 2016 to 2020, inclusive. That is not acceptable to the farmers because that reflects a period in the down cycle in the industry when losses were incurred. The graph which we furnished demonstrates that. We have sent the committee a graph showing the combined profitability of the three farms over the period 2016 to 2020, inclusive, which shows that it tends to go in cycles of approximately five years. The period the Department suggests the compensation should be based on coincides with a loss-making cycle. That is evident from the graph furnished and from the financial statements which were furnished to the Department back in mid-March of this year.

The farmers are arguing that the average earnings should be calculated over a longer period of ten years, which would recognise the cyclical nature of the industry. That would give a more fair calculation of the average profitability in that period. For example, if the period the Department is suggesting is taken into account, it would give a negative figure which means the figure on which the compensation would be calculated would be a nil figure. Over a ten year period, it would give a more positive figure. In fact, the farmers would argue that a more reflective period of their profitability would be the years 2011 to 2015, inclusive, which was a profit-making period. The reason for suggesting that would be a better period is that the evidence is that the upcoming period, which is the current year 2021 onwards, is going to be a period of sustained profitability.

In support of that, we have obtained correspondence from two of the prominent four auction houses in Europe, one in Helsinki and one in Copenhagen, which have confirmed that in 2021 to date, the prices of fur have increased by 150% and 127%, and the evidence is that that will continue to increase. Second, a research study has been carried out by a senior adviser in the University of Copenhagen, giving evidence that the fur prices, again, in 2021 have increased. That research was concluded in May of this year, so it is very recent. The evidence is that the prices will continue to increase. In addition, with the Danish cessation of operations, there is a shortage of supply in the global fur market so again, the Irish farmers would have been in a position to take advantage of that. The Department has insisted it will not consider speculative future trading. However, we will submit that the evidence is that the period 2021 onwards is likely to be a sustained period of profitability for the farmers and should be considered, rather than the five years from 2016 to 2020, inclusive, which did not give any prospect of the farmers getting any compensation for the loss of their farms.

The alternative calculation that has been put forward is a net asset basis. What the draft legislation is suggesting is that that be based on the accounting book value of the assets, which again the farmers cannot accept because if, for example, an asset has been written off for accounting purposes, the legislation suggests they would get a nil compensation for that asset, whereas the market value of the asset could be significantly in excess of that. The farmers would argue they should get the market value for their assets.

The third aspect would be the compensation to employees. It is suggested in the draft legislation that the employees get statutory redundancy only, which the farmers consider to be a

very unfair compensation to these employees who have been very loyal and contributed to the operation of the farms over many years. Statutory redundancy generally arises in insolvency situations where the employer cannot afford to pay anything higher than that and, in general, this is usually paid by the Social Insurance Fund, because there are deficits in these failing companies. In most negotiated close-downs agreements are reached whereby employees receive enhanced benefits, and we believe this is a case where this should be taken into account. It has been suggested by the Department that any enhancement of the redundancy payment should be funded by the farmers from their compensation. That is considered to be inequitable.

The next heading of compensation is for the demolition and clean-up costs of the farms. The Department proposes that each individual farmer obtains three independent quotations and that the Department will accept the lowest of those three quotations, subject to a cap of a maximum €50 per square metre for the demolition costs. The farmers do not consider this realistic, because it is important to ensure that whatever compensation is paid allows the farmers to do the demolition and clean-up in a safe and environmentally-friendly manner. For example, buildings in some of the farms have asbestos and it is very important that this is disposed of safely, with no environmental negative impact.

The draft legislation also specifies that only those building which are used exclusively to house mink should be part of the compensation scheme. We would submit that any other buildings which are essential for the fur farming business and which do not have an alternative commercial use should also be included in the compensation scheme. If there are any buildings which it is agreed may have an alternative use, that any adaptation costs should be covered by the compensation scheme. Due to the location of the farms there will be extreme difficulty setting up alternative businesses and generating alternative employment for employees.

On the culling costs of the animals and the disposal costs, the Department has suggested that it costs 35 cent per animal for the culling and disposal of the animal. The farmers have examined this and they estimate a figure of between €4 and €5. Further discussion and negotiation is needed on this issue.

Finally, there is a suggestion that the compensation scheme would cover reimbursement to the farmers for professional fees incurred solely after the legislation had been enacted. We do not consider this to be reasonable because the farmers have engaged with the Department over the last number of months and have incurred costs in meeting the requirements of the Department, so it seems unfair and inequitable that they should not be covered for those costs which have been reasonably incurred.

Chairman: Mr. Reynolds, you have given a very comprehensive outline of the problems regarding compensation. For clarity, regarding the culling costs mentioned, the Department is putting in 35 cent and the farmers are putting in a cost of €4 to €5 per animal. Did I hear that correctly?

Mr. Gerard Reynolds: That is correct Chair. That is the figure the farmers have researched and come up with.

Chairman: There is a huge discrepancy there. I wanted clarification on that because we have seen in the past where culling was not done effectively on farms that ceased production, such as deer, and it created many problems. I think that is a very significant figure. How many minks are on the three farms?

Mr. Gerard Reynolds: On the question on culling, I think that is one Mr. Curran would be best disposed to answer. The number of mink on the farms will depend on the timing of the culling, or when the prohibition comes into effect. Mr. Curran and Ms Heffernan could give you round figures on what the likelihood would be at that time.

Chairman: I call Senator Lombard.

Senator Tim Lombard: Thank you Chair. Your contribution has been very helpful.

Basically, the Department and the mink farmers are poles apart on this legislation. Could I ask about the local authority input? Has there been some input from the local authority? Is planning required? Do the farmers need to involve the local authority when taking down these buildings? Where are we regarding that timeline?

Mr. Gerard Reynolds: That is a concern and an issue for the farmers. As far as we are aware, there has been no engagement to date between the Department and the local authorities. As the Senator mentioned, there may well be planning issues, particularly in relation to the safe disposal of any dangerous material, such as asbestos. That is another factor that needs to be taken into consideration when agreeing the level of compensation cost for the demolition and clean up.

Senator Tim Lombard: Maybe the farmers might just give me an overview of what actually happens on the farm.

Ms Una Heffernan: I thank the committee for letting us speak today. Some members have probably never been on a mink farm. The mink are housed in houses, which are open on each side. There is a roof, which as Mr. Reynolds said is asbestos. There is a pathway going down the middle. There are lines of cages on each side of the pathway. Most of our houses are 120 m long while some are 100 m long. The mink are in double tier pens. We could say that there is a ground floor and an upper floor. The mink can move around and run around in the pens. They have a food area and a drinking area. At the very end of a cage, there is a tray which catches all the manure. That is piped out of the farm underground and into holding tanks. All of this is to help members to visualise a mink house.

The most important aspect on a day-to-day basis is the welfare of the animal. Unlike some farming practices, we have welfare checks at least three or four times a day. When the staff arrive first thing in the morning, they make the food. Food is made fresh every day. When the rest of the staff go into the farm, each pen is looked at. This is because we divide the food. We look to see if the food was not eaten the previous night. When the staff divide the food, they look at the pen. At the moment, a pen would hold three animals. The staff first check for water. If a lot of food is left over, that is the first sign of a problem. They would then check the food. The first thing they check is if there is water. The mink are sometimes inclined to put the food into the drinker. Next, the staff check if the three mink are there. If there are only two and the feeder contained enough food for three, that would explain why a lot would be left over.

After that, the staff make a note of any problems, or if a mink is sick. Every house and cage has a number. The staff writes down the number of the house and cage. That is the morning process. They feed the mink at breakfast time. While doing the welfare check, a staff member goes around and immediately puts food into any empty cage. Then we divide the food. After all that, we feed the mink again at about midday. We go to any cages that no longer have food. We may have a problem, as we refer to it. For instance, a mink may have to be taken to sick bay

to be looked at, a pen may need to be repaired and so on. Staff members take all of this down in notes as we go along. The problems are then fixed and sorted.

The feeder gives the mink food again in the afternoon. We give a fairly good portion to the mink at that stage. The feeder also observes all of the mink at this time. We feed them three times a day, so those who feed them observe any problems. We also feed them in the evening at 6 p.m. or 7 p.m. At that point, we go around and top up the food. If there is only a little food left, we top it up.

All of this is for the welfare of the animals. It is important that they have fresh food and water at all times. That is more or less what happens on a farm. Each season is different. There is a mating season, a weaning season, a whelping season and a pelting season. There are other jobs as well, such as looking after the pups. Like in all farming areas, there are different seasons. However, giving food to the mink and checking their welfare is done every day of every year: even on Christmas Day. Like all farmers, we do not get a break.

Chairman: I thank Ms Heffernan. I have more questions so we move on. I call on Deputy Fitzmaurice.

Deputy Michael Fitzmaurice: I welcome the witnesses. My understanding, from some documents I have looked at, is that some of them have licences until 2024. Those licences were given by the Department of Agriculture, Food and the Marine. Have the witnesses spoken to the Department about that? I have two quick-fire questions, because I do not want to hold the witnesses all day.

Mr. Michael Curran: I thank the Deputy. We have been issued a licence to 2024 by the Department of Agriculture, Food and the Marine. It came as a shock to us when they brought in the prohibition. The programme for Government makes provision for a phasing out. We are lucky that it is a phasing out and that we will be compensated, maybe at the end of 2024. Now, however, the prohibition is in front of us.

Deputy Michael Fitzmaurice: Just to be clear, does Mr. Curran accept that a prohibition is in front of him?

Mr. Michael Curran: A prohibition is in front of us, but we do not think it is fair.

Deputy Michael Fitzmaurice: Mr. Curran mentioned asbestos. He mentioned that there is a cost of €50 per square metre to dispose of asbestos. I presume to get rid of the asbestos it has to go to Germany or somewhere, just as in the case of material from buildings around the country. Is that correct? That is an expensive game.

Mr. Michael Curran: It is an expensive game. Both the removal from the sheds and the removal from the farms are expensive. This material has to go to Germany. It is calculated by square tonnage.

Deputy Michael Fitzmaurice: I am not an expert on mink by any means. Can Mr. Curran take me through how a determination is made as to when the mink is ready to kill? How do the witnesses kill them? Do they do it themselves on-site?

Mr. Michael Curran: We do it ourselves on-site. Before this happens, there is an inspection by a European veterinarian, who certifies the euthanasia box and all the euthanasia equipment. The veterinarian checks our trading schedule. Once that is up to date, everything

proceeds on the farm.

Deputy Michael Fitzmaurice: Mr. Curran, therefore, has his own type of abattoir and can kill the animals. How many would be killed in a day?

Mr. Michael Curran: This is not like a normal abattoir. It depends on weather, on the amount of light and on the different colours of animals. Every day is different. It would be hard to give a number to the Deputy.

Deputy Michael Fitzmaurice: What would be the average?

Mr. Michael Curran: Perhaps 400 or 500 animals could be euthanised on any particular day.

Deputy Michael Fitzmaurice: From the documents I read, I understand that, as with other types of farming, there is a seven-year cycle. There could be a few good years and a few bad ones. That is why the witnesses are going for the ten-year system. That way, they can pick up a couple of good years in the middle, along with the bad seven years. Is there an investment or allocation from the Department of Agriculture, Food and the Marine? For example, in cattle farming, one person might have a shed for 20 years. Another person might have borrowed from the bank for a shed only two or three years previously. I am trying to make a comparison between cattle farming and mink farming. What sort of infrastructural upgrades would be done in mink farming? Is there an allocation in the Department's agreement? Are they compensating the witnesses for those? Some of the witnesses may have spent a good few quid and may have borrowings. Now, however, they have been told to get out. If the witnesses could show that they had extra infrastructural spending over the past three or four years, would the Department's compensation scheme cover that? That is my last question because I want to let the other members in as well.

Ms Una Heffernan: I will take that, if that is okay.

Chairman: Okay.

Ms Una Heffernan: We were supposed to be stopped in mink farming in 2012 but we got back in again. The Department of Agriculture, Food and the Marine upped its game. It wanted the farms to be better equipped and updated. On our farm, we had to put up new houses to put up the two storeys. We had two farms. One farm was okay - we could do it - but on the second farm, we could not. We had to put up new houses. We have six new double houses.

(Interruptions).

Ms Una Heffernan: We have spent €3.5 million to €4 million on that because we had to put in guttering to catch the manure, put in guttering to take the rainwater from the roofs out and put in all top new cages. Also, the cage sizes changed, which was a recommendation of the EU but which is Irish law, and we had to put in all those. As I said, we put up the new houses because our houses are old and would not fit the second storey to give the area.

Deputy Michael Fitzmaurice: I understand that fully. Ms Heffernan has a massive amount of work done, from what she has said. My question is whether there is an allowance in the compensation the Department is offering for people who are left in that situation because they would not have the money in their back pocket to do such enormous work.

Ms Una Heffernan: There is no allowance. If I could put it into perspective, the way the Department is giving us the compensation package, with the way the prices are going up, I would receive that money in one sale.

Senator Victor Boyhan: I thank the witnesses for coming in today. I will focus my question on two or three aspects. First, for once and for all, we need a straight answer in terms of the three farms they are representing here today. How many mink are on these farms? I refer to the exact numbers of mink that are currently on these farms.

I read a number of newspaper clippings on mink, which I downloaded yesterday. This was in the context of both Covid and the Denmark issues that the witnesses would be familiar with. It suggested there are 120,000 in Ireland. That is only earlier this year. That may be incorrect. I want to start from that point.

The next point is this is Government policy. Fianna Fáil, Fine Gael and the Green Party have agreed in their programme for Government to phase out mink farms. That is the way it is. It is a numbers game in the House, crude and all as it is. They are in the majority. They will support this. They will see this through. I am merely trying to be pragmatic. I am trying to be honest and upfront with the witnesses. It will happen.

Now it is a question of their compensation package. They make a strong case for their compensation package and I would be supportive of that. Also, I am very disappointed to hear, besides the owners, that the workers will end up walking away with the basic redundancy package. That is simply not good enough for committed workers who have worked in this farming sector.

The next real issue is that the most emails and representations I have received on this controversy are around the animal welfare aspect. I took the time to check out the European Communities (Welfare of farmed animals) Regulations on the culling of mink and other animals. The suggested recommendations from this European paper which I received yesterday state permitted methods consist of the use of mechanical instruments which would penetrate the brain, an overdose of a drug of anaesthetic properties, electrocution by cardiac arrest, exposure to carbon monoxide, exposure to chloroform and exposure to carbon dioxide. That is dramatic and headlining stuff. It is of concern to people. Clearly, that is on the record as being permitted. We are talking about culling a large number of animals. What methods do the witnesses use? Are they familiar with any of these methods? Have they used any of these methods? We need to know whether they are familiar with them, whether they have used them, what their preferred option is and how would they envisage culling these animals. Clearly, we cannot release them into the wild and we have to be responsible in how we manage them. I suppose that brings a dose of realism into this debate.

Having talked to the people in government, my view is they are hell-bent on phasing out this trade. That is the decision they have made. That is their political prerogative. It will happen. My two issues are the animal welfare aspect we need to address and a proper, realistic and fair compensation package for everyone involved in this industry.

Chairman: I thank Senator Boyhan for concise questions. I put them forward to the witnesses. The Senator has asked specific questions.

Mr. Michael Curran: I thank the Senator for his questions. On the culling or euthanasia of the mink, we are going by the regulation of the Department. The regulation is we use carbon

monoxide. Carbon monoxide is used to a slow rate of 2 litres per minute to a percentage of 4% in the euthanasia box. They enter one by one until the stunning takes place and the stunning takes 15 to 18 seconds. As the last animal goes in, it is five minutes before the box is opened and a check for death is done. There is a three-point check done for death. This is the method that is used. We are complying with the rules from the Department that we have to use this. This is the only method it will allow us use in Ireland.

Senator Victor Boyhan: Is Mr. Curran familiar with the others? Has Mr. Curran used any other methods?

Mr. Michael Curran: No.

Senator Victor Boyhan: Never?

Mr. Michael Curran: No.

Senator Victor Boyhan: Could I hear from the other witnesses on this issue?

Ms Una Heffernan: We use carbon monoxide also the same way Mr. Curran uses it. I have used no other way of culling the mink.

Senator Victor Boyhan: In terms of the compensation for the workforce, what are the witnesses' views? What is a reasonable package, not for them but for the workforce who work for them in this industry? What would they think reasonable and fair for them?

Ms Una Heffernan: I actually do not know. They have been laid off for no particular reason. It was not any fault of ours or theirs. It is just that the industry is closing. They should get extra somewhere along the line. As to how much, I do not know because it is something new that we have never had to do.

Senator Victor Boyhan: I take it they have had discussions. The witnesses are concerned about their businesses, about the animals and the farming, which is one matter but they are concerned also about their workforce. I would have thought they would have had some discussion. They are highly articulate people. They have made a strong case for their profession and their industry. They do not know what they think would be fair, appropriate and right. Who is advocating for them?

Ms Una Heffernan: We are advocating for them.

Senator Victor Boyhan: Then tell us.

Ms Una Heffernan: Unless Mr. Reynolds wants to take over that, I do not know. I suppose the Department of Agriculture, Food and the Marine might give us some sort of a guideline. Genuinely, we do not know. Of course, they would be considered in the compensation. As I said, we genuinely do not know what would be expected or what the Department would suggest in giving.

Chairman: Does Mr. Reynolds want to pass comment on that?

Mr. Gerard Reynolds: We have had discussions in general terms but the Department has taken such an extreme stance on it that it is insisting the compensation package will only include statutory redundancy. As I mentioned, it has suggested that if the farmers wish to give the employees any further amounts, it would take that from their own compensation amounts.

In general terms, we would expect a multiple of the statutory redundancy should be an agreed compensation package. However, that would obviously be subject to negotiations. That is why Ms Heffernan is hesitating about what the level of the compensation will be, because the Department has been vehemently opposed to anything other than statutory redundancy. As a further example, we have asked about assistance and support services for any mental health issues, or career coaching and retraining facilities for employees, and we have been advised that they can just avail of the services that are generally available. That is unacceptable because of the circumstances of this prohibition and because of the locations these farms are in. It is a very unusual circumstance and the Department is taking the view that statutory redundancy is the top line and it will not discuss anything other than that. It has said that it cannot change the redundancy legislation. We are aware that statutory redundancy is enshrined in legislation and we accept that but in most negotiated closures agreements are reached that the employees will benefit to a level higher than the statutory redundancy to reflect their commitment to the business over a period of years.

Deputy Martin Browne: I welcome our guests. I find it funny that one of the witnesses said they do not know why the industry is being closed down. They told us that they have been engaging with the Department and the Department says there is a broad consensus among veterinary and other scientific experts as to why the industry should finish. What are the witnesses' feelings on that? What kind of engagement have they had with the Department or what reasons has the Department given them for closing them down? Most of the other questions I had have been asked but I want to come back to the compensation for the workers and the statutory redundancy. Do the farmers themselves intend to contribute anything at all to the redundancy payments for the workers? The farmers want the compensation to be based on earnings averaged over the past ten years instead of the five being sought by the Department. Following a spike in earnings in 2013, the figures have fallen significantly. Is it realistic to call for compensation based on those figures? As others have said, I will not even pretend to be fully up to date with fur farming but people worldwide are saying that the demand for fur is going down, which is different to the figures the witnesses have given us about the projected increase in the price of fur.

Mr. Michael Curran: I thank the Deputy for his comments. Regarding the closing down, we have been in contact with the Department. It is using the word "prohibition" for closing us down. Welfare is a very important thing for us. We get welfare checks at least six times a year by veterinarians and we are also have three inspections by the Department. Five of those farm inspections are unannounced. Welfare is a big thing for us.

The Deputy asked about compensation for the workers. We have discussed this and both Ms Heffernan and I are a little hesitant to say what we want. I am getting a bit tongue-tied. We want more for our workers. They have been here a long time. I have been working with some of the guys who work with me for the past 20 years and I have been working on this farm for the past 31 years. We need more for the workers, like a lump sum, because they will find it very difficult to get work for age-related reasons. Even I would find it difficult to get full-time employment in the area I come from in south-west Kerry. We will find it incredibly difficult. As a company we are willing to compensate the guys who work for us but it is the Government that is closing us down. Why is the emphasis on the company to compensate the workers when the Government and the Department want to close us down?

Then there is the issue of five years versus ten. Many people do not understand our industry. If we were a normal industry we would probably have gone bankrupt long ago because we

have a cycle. There could be seven good years and seven bad years, or five good years or five bad years. There is always a cycle in fur farming. When we have good year we have to put the money away to support ourselves through the bad years and when the bad years come we know the good years will come back again. That is the cycle we work in and that is what the Department and many people do not understand about our industry. There are very few people who actually understand our industry.

Deputy Martin Browne: That is what I was asking. According to the Department, the veterinary and scientific experts are saying that the industry should be closed down. What reasons are being given in that regard? I do not know what reasons the Department is giving to close down the fur industry now, in 2021. What engagement have the witnesses had with the Department on that matter?

Mr. Michael Curran: The Department wants to bring forward the prohibition. It is not closing us down on welfare grounds because we have been welfare certified, both by Europe and the Department. It is not closing us because of welfare.

Ms Una Heffernan: The Deputy mentioned Veterinary Ireland. Veterinary Ireland compiled a report on mink farming but it was not scientifically based. It did not come on to any of the farms even though it was invited. WelFur did nearly the same report and its protocols and research were certified by seven different universities, based on 40 years of scientific research. We get WelFur inspections every year. It is an independent body, which comes on to our farm. It can come from any part of Europe as it is not Irish but we get welfare checks from the Department here as well, as Mr. Curran said.

Chairman: I thank Ms Heffernan. A few more Deputies and Senators want to come in so I must move on.

Senator Denis O'Donovan: There are three aspects to this. The Department of Agriculture, Food and the Marine gave the green light to this and very quickly - though maybe not suddenly - it has decided to put on the red light and close the industry down or prohibit it. Please correct me if I am wrong about the three aspects I see here. The most important thing is the compensation for the workers who have been there a long time. Second is the compensation for farmers. The third issue relates to the demolition of the mink farm buildings, which are very specific. They cannot be used for pigs, bonhams or whatever. Have any of the witnesses gotten a professional cost analysis of all this that can be put to the Department. I am not going to go into the ethics or propriety of mink farming and so on because that is another day's work. I am close enough to the Iveragh Peninsula and my understanding of it is that the Department, with all due respect, is pulling the plug without any recognition for the employers or the employees and with very little recognition for how the mink farms can be reinstated to their original natural condition. The Department has a responsibility here, and maybe Europe does too. These are my fundamental thoughts on it. I do not want to delay the meeting but if any of the witnesses could please respond I would appreciate it. That is my thinking. Where are we going from here rather than back and forth? There is a huge disparity between what the Department is prepared to offer and what the mink farmers expect to get.

Mr. Reynolds indicated that he wanted to make a contribution.

Mr. Gerard Reynolds: I wanted to come back on the questions raised by Deputy Browne. One query was on the farmers contributing to the compensation packages for the employees. Of course the farmers will be very fair to the employees. They have been long-standing employees

on their farms, and almost like family members in some instances. The overriding picture is that the prohibition is being brought in by the Government so the compensation package should be financed by the Government. This should include the payment of appropriate compensation to the employees. It should not have to be taken from the employers' compensation, which will also be calculated in what the Department has said will be a fair and reasonable manner.

On the world demand for fur, I am not too clear if there is an overall drop in the demand for fur but there is a significant drop in supply. The Danish market has ceased with effect from last year. That was a significant contributor to the world supply. From that point of view, this sustains the view that the prices of mink are on the increase, currently and going forward. The independent evidence, which was quoted earlier on, supports this.

With regard to the point made about the ten years, there are two aspects to calculating this part of the compensation. One is to establish a sustainable and realistic average profitability per annum. The Department has suggested that this be done over five years from 2016 to 2020, but that period clearly shows a loss because there was a downturn in the cycle. We suggest ten years which, as Deputy Browne has said, takes into account some good years and some bad years, and gets a reasonable average of what the profitability would be. It must be remembered that the farmers continued to endure the loss-making years in the expectation of getting recoverability of that finance when the profits come in so they could replenish their reserves. This is why we suggest that 2021 onwards should also be taken into account because the market is on the upturn and there will be higher profitability. That calculation is to calculate the average profitability. There is also the multiple figure. When the average profitability on an annual basis is agreed there will be a multiple also. The Department is suggesting five years, but the moment this is five times zero, so it is nothing. We are suggesting a figure of ten, which reflects the most recent compensation scheme in Denmark that takes a ten-year period to review. Again, a multiple period is not an exact science. With any company valuation or disposal there are subjective issues that are part of the negotiation. The farmers are prepared to negotiate, but five times zero is not acceptable.

Deputy Joe Flaherty: I thank the businesses for coming in today. I have sympathy for any business that has to wind up as a result of prohibition. I will not get into the ethics of the trade but there is a worldwide move towards the prohibition of fur farming.

I have some questions and any witness who believes that he or she can give the best answer can come back to me. It was mentioned that Denmark has started to exit this trade also. How closely have the witnesses looked at the Danish model in the context of the compensation package *vis-à-vis* what is being offered there and what is offered in Ireland?

I have an observation around the workers. There is a statutory redundancy payment for workers. It would be unusual for a Government to have to pay over and beyond that. I expect that any compensation above and beyond statutory redundancy would have to come through the employer.

On the seven-year cycle, on a good year if a farmer had 1,000 animals, broadly speaking what is the likely profit margin on that? What is the net profit on 1,000 animals? Pick a multiple just to give me an example of what that would be in a good year.

I believe that the multiples of ten years is very high. Even in the worst excesses of the Celtic tiger, with any business that is being sold the best multiples they were looking at were probably seven to eight times. I would probably agree that the Department's offer at the minute of

a multiple of five is probably reasonable but I take on board Mr. Reynolds view on that being five times zero. It is probably the case that five years is the right period but we can ask what the baseline is and whether it is five times that figure.

Perhaps Mr. Reynolds could try to explain more to us the seven-year cycle and how that works. I would have thought that the demand for fur, which I assume is largely eastern European driven, is still fairly consistent. I cannot understand fully the seven-year cycle. Perhaps Mr. Reynolds could give more background on what causes those fluctuations.

Chairman: Which of the witnesses would like to answer Deputy Flaherty's questions?

Mr. Gerard Reynolds: I will answer some of those. We have looked at the Danish model and examined its compensation scheme. While there are differences in the actual calculations, the fundamentals are the same. The Danish scheme provides for compensation for a ten-year period. This is what we are proposing. It is the most recent example. The reason we suggest a multiple of ten years is that the initial calculation of an average over ten years going back takes in significant loss-making periods. It gives an average profitability. This prohibition is proposed to come in immediately. This will preclude the farmers from participating in a period of profitability which, going by previous cycles, would be a period of five years minimum of profitability. The farmers are foregoing that period of profitability by being prohibited now. If the average profitability was determined over a five-year period in the last good period, which was 2011-15, and which we feel is reflective of what is going to happen in the coming five years, the multiple of ten would be a negotiable figure then. With an average over ten years it takes into account loss-making periods. We feel that a multiple of ten is appropriate. Again, it depends, as the Deputy has mentioned, on the baseline that is agreed. When the baseline agreed is reasonable the multiple is negotiable in any valuation. I read an article recently in the *Irish Tax Review* that calls it the mysterious world of company valuations. It is very much a subjective issue. The Deputy is right that ten is a high figure but in the circumstances we present we believe it is reasonable. If the base figure is calculated on a more realistic basis that is something that could be discussed.

The Deputy referred to statutory redundancy. I accept that this is provided for in legislation but I repeat that in most negotiated settlements there would be agreement where employees would benefit from more than a statutory level of redundancy. In these circumstances, to suggest that employees only get statutory redundancy is not equitable in any sense for the employees.

Chairman: On behalf of the committee I want to thank the witnesses Ms Heffernan, Mr. Curran and Mr. Reynolds for coming to the committee. They have given a very comprehensive overview of the situation that they find themselves in. The committee and I now have a far better understanding of the representatives' concerns. We are in a unique situation where an agricultural activity, albeit a minority one, is being closed down by legislation. I have never seen that situation before. The Minister is before the committee for the next hour. We are far better educated now to put questions to the Minister on this animal health and welfare (amendment and miscellaneous provisions) Bill 2021.

On behalf of the committee I thank the representatives. They have given us a very comprehensive overview, which is much appreciated.

Mr. Gerard Reynolds: I thank the Chairman.

Mr. Michael Curran: I thank the Deputies and Senators.

Chairman: I propose a short suspension to allow the Minister and the other witnesses to join the meeting. Is that agreed? Agreed.

Sitting suspended at 10.29 a.m. and resumed at 10.38 a.m.

Chairman: We have resumed in public session. I should have said at the beginning of the meeting that apologies were received from Deputy Paul Kehoe. This session is on pre-legislative scrutiny of the animal health and welfare (amendment) Bill 2021. I welcome the Minister for Agriculture, Food and the Marine, Deputy Charlie McConalogue. I also welcome Mr. Gerry Greally, senior inspector in livestock breeding production and trade, and Mr. John Kinsella, principal in the legal services division. They are all very welcome to the meeting. We have received the opening statement and briefing material. These have already been circulated to members. We are limited in our time due to Covid-19 restrictions so the committee is taking the opening statement as read. We can use the full session for questions and answers. All opening statements are published on the Oireachtas website and are publicly available.

Before we begin I have an important note on parliamentary privilege. Witnesses are protected by absolute privilege in respect of the evidence they are to give to the committee. However, if they are directed by the committee to cease giving evidence on a particular matter and 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 to the subject matter of these proceedings be given. They are asked to respect the parliamentary practice to the effect that where possible they should not criticise or make charges against person, persons or entity by name or in such a way as to make him, her or it identifiable. Participants in the committee meeting from a location outside of the parliamentary precincts are asked to note that the constitutional protection afforded to those participating from within the parliamentary precincts does not extend to them. No clear guidance can be given on whether or the extent to which the participation is covered by the absolute privilege of a statutory nature.

Before I open up to questions, I wish to note that in the previous hour we have had representatives from fur farming appearing before the committee. They gave us a very comprehensive briefing and raised a number of issues that are to be covered in the legislation. I am aware that other members will also be raising this issue, but we find ourselves in a very unique situation in respect of the workers and the compensation that is available to them. In my memory - I can be corrected if I am wrong - this is the first time that legislation has been introduced to cease an agricultural activity, albeit a very minor activity, but obviously for the three farms in question it is their income and of very great importance to them.

Questions have been raised about workers' compensation and the redundancy packages that will be available for them. Other questions raised were in respect of the calculation of the profit level of these farms which is being done on a five-year cycle where these farms are producing evidence to say that a ten-year cycle would give a far better reflection of the fluctuations in the fur trade. The farms' representatives state that fur is recovering very strongly in price in 2021 and went through a very serious valley period during the years which the Department is using for the determination of profit.

Another point made by these representatives, which would greatly concern me, is the question of the cull and the differences in costs that they say will arise per animal and what the Department is estimating. In the past we have had instances where businesses have closed and

where a cull was not done effectively. This caused very significant problems for people in that locality. The culling has to be sorted out as a priority.

A further point made is that these farms have made an investment in their buildings and there are now going to be very significant demolition costs in respect of those buildings. This also needs to be catered for in the legislation.

I know that other members will have points to make to the Minister but I was taking notes while the representatives of the mink farmers were talking in the last session and these are four points I highlight which they made in respect of this legislation and the compensation package that is to be put in place for them. That is what they focused on. While they feel aggrieved that the licence that they have in place to 2024 is now being revoked and that they have been unfairly treated in that regard, their main focus has been on the compensation package both for themselves and their workers. That is my summary of their position and others will obviously add to it with further points but when the Minister is answering questions at the end, I ask that he might take those four points on board. I will open up to the other members of the joint committee now.

Minister for Agriculture, Food and the Marine (Deputy Charlie McConalogue): If I may, Chairman, I wish to make a number of introductory remarks to thank both the Chairman and the joint committee for facilitating the pre-legislative scrutiny on this Bill within a very good timeframe, which I appreciate. As the Chairman has outlined this is a unique initiative and action in respect of the closing down of a sector which emanates from a commitment in the programme for Government and emanates from very significantly changed attitudes in society as to the keeping of what would otherwise be wild animals specifically for fur or skin. It is a correct and welcome move but undoubtedly has very significant impacts for the three remaining fur farms in the country. They have run their operations in compliance with all of the rules and regulations and in a very efficient, effective and compliant manner and it is very important that that is stated. The fact that this decision has been taken is no reflection on them.

It is also very important to acknowledge the fact that this means an end to their livelihood and what has also been a way of life for them. Some of these farms have been pioneers from the very outset in the setting up of this industry in the country and this decision is not their choice but is one that has very significant implications for them.

I also want to thank the team within the Department Agriculture, Food and the Marine for their work on this Bill, and to thank Mr. Greally and Mr. Kinsella who are joining me here today. I also acknowledge the engagement that there has been with the fur farmers and their representatives over the past period of time in what has been a challenging issue.

Pre-legislative scrutiny is an important step here because it enables in the first instance the fur farmers to also have a public forum in which to engage with the joint committee, to raise questions and also for feedback and engagement with me as Minister in the framing of this Bill. I look forward to engagement today to explain the rationale behind this Bill and our approach to it and I will bring both Mr. Greally and Mr. Kinsella in with their technical expertise on some of these matters. I will also take on board the feedback from the members of the joint committee.

Chairman: I thank the Minister and call now Deputy Fitzmaurice to speak.

Deputy Michael Fitzmaurice: I thank the Minister and all his officials for attending today as I know the Minister was busy this morning. It is also appreciated that we undertake pre-

legislative scrutiny in this committee but unfortunately over the past week we have seen too much legislation not being looked at. I ask either the Minister, Mr. Greally or Mr. Kinsella to deal with the offer that is on the table of 35 cent for the culling of every mink. The figure I received was that 400 mink would be killed per day. Will the Department set up an abattoir or a place for the killing of these animals, use the ingredients, and give 35 cent? The fur farmers are talking about €5. Where is the discrepancy in this?

Deputy Charlie McConalogue: I thank Deputy Fitzmaurice, I will respond at the outset and will then ask Mr. Greally to respond.

The approach being taken here is very much informed by reports we have commissioned from outside expert advice through Grant Thornton on what an appropriate compensation scheme would be and to also take on board what has happened previously internationally because there have been significant similar moves taken across Europe over the past number of years and this is very much the direction of travel. There are significant learnings here which we have been informed of through these reports. I will pass to Mr. Greally to deal with the substance of the question.

Deputy Michael Fitzmaurice: No matter what approach the Minister is taking, with all due respect to Mr. Greally, if 400 animals are killed in a day, with the money that the Department is offering, this would not even pay the wages of a person. It would be unbelievable for a person to work for that kind of money. Where is the discrepancy then?

Deputy Charlie McConalogue: Through the Chairman, I ask Mr. Greally to come in here at this point, please.

Mr. Gerry Greally: I thank the Minister and the Chairman. These figures are to do with the fact that we have not got that sort of detail from the farmers. As the Minister has said, we went about using consultancy expertise to come up with these figures in the absence of the detail from the farmers as they have not provided that detail to us. In the absence of that information we have put these values in place. To explain to the Deputy, the value relates to the costs of labour and material. The labour is the cost of killing these mink and the material then is the carbon monoxide gas that is used which is the 35 cent cost per mink.

Deputy Michael Fitzmaurice: With all due respect to Mr. Greally, I hope that the Department officials will go back and look at this again. I mentioned the 35 multiply by 400 and I asked how many animals would be killed in the day and was told between 400 and 500 animals. With the best will in the world on a good day 500 animals would represent €175 which would have to be given to the person doing the work for that day. I ask the Department to go back and look at those figures.

Second, the Department appears to be offering two weeks' statutory redundancy. These people are not being taken out of their jobs or leaving them because they want to but are doing a favour in respect of whatever was agreed in the programme for Government. I may not agree with that but that is the way it is. I have a number of questions as to this offer of two weeks' redundancy from the Department. We have seen the Debenhams and many other cases and I ask the Government to lead from the front on this to say that the least that these workers need is four weeks', or whatever, redundancy payments to look after them? It must be borne in mind that these people are working with and not against the Government.

Many of these buildings have asbestos which must go to Germany. It costs €50 per square

metre to get rid of that and to demolish those buildings. Whoever commissioned the report does not know much about farming. I am not even talking about fur farming. These so-called experts would want to go down on the ground and find out what building projects cost now. Turning to this type of farming, I have gone through this myself and talked to others about how it operates right across Europe. Like other types of farming, this sector seems to follow a seven-year cycle. A few good years are then followed by a few bad ones. There seems to be a pattern of seven years alternating between good, middling and average outcomes. These farmers, then, have sought to calculate their costs based on a ten-year cycle. Is the Department prepared to do that?

In 2012, the Department issued new regulations for animal welfare. That is fine. All the people involved in this area complied with those regulations and spent large amounts of money on infrastructure. We are not talking about the construction of something like a three-bay shed in the back garden. This was fairly significant and expensive infrastructure. There are not 5,000 or 50,000 of these farmers around the country, so why has a genuine effort not been made to ensure that we look after them? I refer to aspects of employment, infrastructure, asbestos removal and disposal, etc. Many of these people have been in with the banks, to be frank. It was not possible to build the infrastructure required without loans. It is as simple as that. Why has a genuine effort not been made to help these farmers? Why is a five-year cycle period being used? I have examined this area myself. Around Europe, this type of farming has a seven-year cycle. These farmers are seeking the use of a ten-year cycle for assessment. Is the Department willing to co-operate with them on that point?

Chairman: I call the Minister.

Deputy Charlie McConalogue: I thank the Deputy for those questions. The report has advised us based previous experience. I ask Mr. Greally to elaborate on and explain the rationale behind that part of the process. This meeting is intended to allow us to tease this matter out and to take on board the views of the members of this committee. I will hand over to Mr. Greally.

Mr. Gerry Greally: Regarding the report, Grant Thornton from the outset sought to put together a scheme which would be fair and reasonable to the farmers concerned and the taxpayers. I must make that point to begin with. In undertaking that process, Grant Thornton did, of course, look at how best to compensate for a business that is being closed. Methodologies used in this regard in other countries were examined. In the general perspective of accounting, certain conventions and methodologies are used when trying to value a business. Grant Thornton considered two methods of doing that and then combined them in the end. The first was valuing the assets and devising the net book value of those assets. The second approach then was a consideration of the profitability of the businesses concerned over time. The thinking was that combining those two methods of assessing value in a formula would best produce a market value for these companies.

The Deputy's questions concern the formula in the context of a five-year or ten-year cycle of assessment. The five-year cycle in this regard encompasses a retrospective examination of five years and a projection of five years into the future. In calculating the profitability figure, therefore, the accountants suggested taking an average by going back five years and then going forward another five years to give these companies a multiple of that profitability average for the future. The rationale behind using a period of five years to measure backwards and forwards was that these are multiples and values that are used in company evaluations and for companies of this type. It would be very unusual to go back ten years to calculate a retrospective average of profitability and then to go forward another ten years with that outcome. The logic here is

that going back five years is considered as being enough to show the historical profitability of a company and, equally, projecting forward for five years should also be adequate. Going forward those five years takes into account the consideration that people seeking to put a value on these companies will estimate that it will take that long to make their money back. These sorts of multiples and values, therefore, were put together in that context by Grant Thornton and it was conscious of the type and size of the businesses being examined.

The farmers have only recently come to us regarding a ten-year cycle and given us some data for those years. In effect, we have struggled to get any data from them. We first gave them notice that we required these data back in November 2020. We have repeatedly sought these data since then. The farmers provided some data to us, but it was not adequate. They put together some trend lines for us for the ten-year cycle they are talking about now, but that information came in their last communication to us just a little over a week ago. We have not had a chance to examine that information in any detail yet, but we will do so. My main point, therefore, is that Grant Thornton put together the formulas in the absence of specific data on these farms. Granted, information was available from statutory accounts which could be used and, in many ways, it is possible to put together a model for compensation based on such accounts, but we also needed the detailed information that we received only recently. However, we certainly can look at using a period of ten years rather than five years.

Would the Deputy like me to deal with the other questions concerning asbestos, etc.?

Deputy Michael Fitzmaurice: Yes, I would like Mr. Greally to comment on the asbestos issue and on the redundancy arrangements for the workers, if he can.

Mr. Gerry Greally: On the subject of asbestos, we got a chartered surveyor company to provide us with figures in this regard. It was done through Grant Thornton, which commissioned that company as a contractor to do the work for us. Therefore, we are familiar with the levels of asbestos material on each of the farms. We could, then, take into account that asbestos costs much more than a fibre cement roof, for example, to demolish. Therefore, the figures in this regard were adjusted to take account of the presence of asbestos. Regarding the figure of €50 per square metre, the farmers have come back to us and they are now talking about €62 per square metre. Again, it is easy to pluck a figure out of the air. They have not given us any detail regarding the breakdown of that figure of €62 per square metre. As far as we are concerned, we have the required knowledge of the type of roof on each of the farms and the amount of roofing material involved to allow us to calculate a cap value. On that basis, we put together a figure of €50, which takes into account some building inflation costs. To drill down into that figure, the maximum figure we had originally was €47 per square metre. We rounded it up to €50 to include some building inflation costs. On the asbestos, an exercise was done by specialists here and those are the figures they came up with.

On redundancy, we are really just doing what happens in industry in general. When a company goes out of business, the company is bound by law to pay redundancy to its staff. It is statutory redundancy and it is bound by legislation. That is all we are doing here. We would be of the view that farmers themselves could contribute extra to the workers if they wished. We were suggesting, however, that we would only cover the redundancy as per the legislation, that is, as the Deputy said, the two weeks' redundancy. Have I answered the Deputy's questions?

Deputy Michael Fitzmaurice: I thank Mr. Greally very much for answering that.

Senator Victor Boyhan: I welcome the Minister and his officials to the meeting. We had

a very good engagement this morning with the witnesses. I did not think it was satisfactory in terms of their answers. Of course, the big problem we had was that we did not get from them a definitive number of minks that are on these farms today; not yesterday or tomorrow but today. There is a long lead-in and mink breed pretty rapidly. If one wanted to bring the numbers up, one could do so pretty rapidly. That is just a cautionary note I want to raise.

I want to share with the Minister that I was also somewhat disappointed that there was much talk about the individuals involved but not too much talk about the workers. Again, it raises the issue of data, facts and figures with regard to this industry. How many people are registered and officially employed on these farms today? I simply do not know. I would be interested in hearing from the Department about its knowledge of how many minks are in this country. We know from media reports some months ago in the context of the Denmark mink controversy, although it was in an Irish newspaper, that there was a confirmation of approximately 120,000 mink in this country at that time. The witnesses did not seem to dispute that with us. Indeed, two of them nodded their heads. I, therefore, took it that it was around that or perhaps more but they did not contradict that suggestion that there were approximately 120,000 mink in the country.

We were not told how many employees there were. When I asked the witnesses what they had in mind in terms of a package for the workers, they said they did not know. They did not seem to come up with any opposition to any idea I suggested. Indeed, I took from it, and this is my own view, that they did not really give much thought to it at all. Certainly, I was interested when the Minister's official talked about what the ownership of these companies can contribute to their workforce. We need to know exactly the numbers of registered employees on these farms and we need to talk about compensation for them. I am sympathetic to the people involved in the businesses.

This is Government policy. Phasing this out is a Fianna Fáil, Fine Gael and Green Party agreement in the programme for Government. That is, therefore, the reality. This is a numbers game; the Minister knows it and politicians at this meeting know the story. The Minister has seen what has been happening in the Dáil and the Seanad in the last few months. If the Government has the largest numbers, it can effectively do what it likes and we have to put up with it. That is the reality and it is frustrating for someone who is in the Opposition. It is not good politics. There will be a day and a time when the road will break and people have to go left, right and centre and then there will be all sorts of complaints and accusations. That is for another day. It is inevitable and it is going to happen.

On what is in hand today, I am interested in what will happen to the workers in these places. I am interested in fair and equitable compensation for the people through the Government's decision and policy to close their businesses down. They need to be supported but we need to see the whole package.

I set out today the animal welfare issues and EU regulations, with which the Minister will be familiar, regarding the culling of animals. Welfare is another aspect about which I have had more calls and emails than about any other matter. I spoke today about mechanical operations, instruments that penetrate the brain, overdose of drugs by anaesthetics, electrocution by cardiac arrest and exposure to carbon monoxide, chloroform and carbon dioxide. They are options I do not necessarily support but they are set out in these regulations. Two of the people told us today that they are using carbon monoxide to destroy these animals. What is clear in these regulations or in whatever the Minister and his officials intend to do is that we need to have veterinary and animal welfare people oversee the culling of these animals. It needs to be very clear. That is important. I do not believe we can allow for any vagueness here. Whatever the Department and

the veterinarians believe is the appropriate way to deal with this, it needs to be set out in order that we have no ambiguity about it. That is a major concern.

I want to wrap up by commenting on the inevitability of it all. It is about fairness to the companies involved and to the employees, who need a far better package and who are my concern. We also need very strict guidelines, which are in line with international practice and European Union regulations, and statutory instruments with regard to this matter. That is really important. I thank the Minister for listening. It is important we set out and address specifically those issues.

Deputy Charlie McConalogue: I thank Senator Boyhan for that comprehensive overview of his assessment of the situation. I will first address one point he made with regard to Government having a majority and driving things through and that being very frustrating. This is an issue on which I am consulting with the committee and on which I am listening. It is a unique issue and one-----

Chairman: With respect to the Minister, could we stick to the legislation? We will not have an argument about what the Government is doing. I probably should have stopped the Senator when he was making his comments. Could we stick to the legislation, please?

Deputy Charlie McConalogue: The core point I am making is that this process in which we are engaged is important. The feedback and assessment from the committee and the continuing engagement with the three farmers concerned will be important because what we have at the moment is the draft Bill. We are at the pre-legislative scrutiny phase. We have not yet introduced it or finalised it. I will ask Mr. Grealley to come in on some of the technical points.

Mr. Gerry Grealley: The numbers are very fluid to the extent that the young are slaughtered at the end of the year in November-December. If one goes into the farms in the middle of the year, one will see the breeding females only. They will not have kitted down at that stage. To give members some idea of the numbers, we are talking about 15,000 breeding females. Each of those will, on average, have five kits. Straight away, therefore, at the end of the year, the number is up to approximately 90,000 mink at that stage in the year. In the normal course of events, all the young from those females would be slaughtered and we would be left with the breeding females at the end of December of the year concerned. It depends, therefore, on what time of the year we dip into these farms to look at the numbers. The maximum we are talking about is 100,000 or 110,000. It is that sort of number.

As regards numbers of workers, we do not have exact figures here but our estimate is ten or 12 across the three farms. Again, however, that is fluid in that the numbers will increase when they are doing the pelting, which is during the months of November and December. Obviously, they will not need as many workers when there are no young. As the young are weaned and start to grow, the feeding has to be done so there might be extra workers then during that period. The answer to the question is it depends on when you dip into the farm concerned but 100,000 to 110,000 is the number being bandied around in the media and that is fairly correct. The worker numbers are around ten or 12, but extra contractors would come in towards the back end of the year. As regards welfare and-----

Senator Victor Boyhan: The culling practices.

Mr. Gerry Grealley: The culling practices are closely monitored by departmental staff. Veterinary staff from the Department inspect these premises at culling time. The premises also

have a veterinary practitioner available. That person goes in and monitors the culling practices as well. Carbon monoxide is used. Training schemes have been in place for a number of years to train the users in the killing method. All these farmers and their workers are trained in its use and it is closely monitored by staff from the Department and by private vets. We have had no issues around the welfare aspects at culling over the years. Generally speaking, these farmers are very much in line with national and EU legislation in that regard. They built extra houses in 2012 when we reviewed the industry and they revamped the cage sizes. We continue to be happy with compliance with welfare regulations.

Senator Victor Boyhan: I thank Mr. Grealley.

Deputy Matt Carthy: I apologise for missing the first session. I was taking part in Question Time. Could I get clarification from the Minister on the timeline he envisages for the enactment of the legislation? I presume it is expected that when the final cull takes place, the animals will be skinned, or whatever the term is, so that it is not a complete loss-making exercise for the companies involved.

Deputy Charlie McConalogue: Yes, that is correct. The timeline envisaged is that this would be the last breeding season. The pelting season is during the latter two or three months of the year and it would continue as normal this year, but then we would be dealing with the breeding females. Mr. Grealley said there were 15,000 of them. That is the intention.

Deputy Matt Carthy: I support Senator Boyhan's point regarding the staff involved. This is a unique situation because legislation is being introduced to ban a farming practice. While most of us fully support the principle behind the Bill, there will always be consequences from such a decision and the Bill is reflective of that in terms of supports and compensation for the businesses involved but we must also be cognisant of the staff involved. Because of the nature of this process, the Opposition will not be permitted to bring forward amendments in that regard given that costs would arise. It would be very useful, therefore, if the Department and the Minister would engage with us on our proposals. One of the suggestions is that there would be a one-off lump sum for the staff involved. We may not need to talk about huge sums of money but we should recognise that people are losing their jobs because of a decision of the Oireachtas. This is a unique situation, and I ask that the Minister give consideration to that.

I have one final point about how the legislation could potentially be improved. Most of the fur involved is for export, but it would be useful if we could insert into the Bill a ban on the importation of fur, particularly as we are banning its production in Ireland. It would defeat the purpose and principle of the Bill if we were to import fur products that are banned here. Would the Minister be willing to amend the Bill in that regard?

Deputy Charlie McConalogue: I will certainly reflect further on the point the Deputy made about redundancy for the workers and take on board the feedback from this pre-legislative scrutiny.

A ban on the import of furs is not something I had considered, but I will dig into the matter further and assess the options. My instinctive response is that there could be many relevant considerations and side issues in that regard, but I will explore the issue further.

Senator Tim Lombard: You set out the stall very well at the start of the meeting, Chairman, when you mentioned the key issues that were raised by the previous witnesses. In terms of redundancy, according to the departmental officials we are only talking about 12 members of

staff. It was stated that they have to get two weeks' redundancy payment. That is a very small amount of money and we must find a way around it so that they can be suitably compensated for their work. Effectively, we are giving 24 weeks, which is 12 by two. We must find a mechanism whereby we can ensure that some kind of contribution can be made to staff following the change in regulations and legislation that is not of their making. Finding a solution to that is one of the key issues we must address.

Could Mr. Greally comment on how he came up with the calculation of €50 per square metre, taking into consideration that there is a loss? He also mentioned that it was €47 and he increased it to €50 due to building inflation. In my part of the world, building inflation is running at 25% this year alone and building costs have increased dramatically, particularly in the context of labour. When responding, could Mr. Greally outline the date on which the calculation was made, given the dramatic increase in building costs in the past six weeks alone?

Could Mr. Greally also clarify the views of the three local authorities involved on how the work can take place? Is planning permission required? What licences or permits are required and how will the process function in terms of a timeline for when the buildings will be taken down? Is there a proposed timeline in the legislation for the decommissioning of the buildings? Will there be a period of grace and how will it be set out in the legislation? Mr. Greally might respond to those issues.

In a previous contribution it was mentioned that Denmark gave a ten-year compensation line. I would like to hear a comparison between the differences in our approach and the approach in Denmark. Why did Denmark propose ten years and we proposed five? If we are following international best practice and what has happened previously in other jurisdictions, why did we deviate from the Danish model based on ten years?

Another issue raised by the Chair and other members is the cost of culling per animal. The difference in price is unbelievable. It ranges from 40 cent to €4 or €5. What communication was there between the Department and the three farms in recent months, because we are out by 90% on a good day? It shows how much work needs to be done. I thank the Chair and I realise we are under time pressure.

Chairman: Can the Minister respond?

Deputy Charlie McConalogue: I thank Senator Lombard and I note his points and contribution in relation to redundancy payments. I will ask Mr. Greally or Mr. Kinsella to come back on some of those points.

Mr. Gerry Greally: First, I will answer the question about the €47 per square metre. That figure is attributed to one of the three farms on the basis of an analysis of the roof type, mainly. We have information on the roof types, whether they are galvanised, fibre cement or asbestos roofs. The consultants concerned calculated that figure on the basis of the components that I just mentioned. These consultants are from a chartered surveyor company. We asked them to look at those aspects. They had information on the farms concerned. They had pictures of the buildings, they had photographs from Google, they had planning applications and they had information on Department files that we have had for years. Our Department engineer has been working with these farms since 2012 to bring the type of building up to a certain standard. We have a lot of information in that regard. All that information would have been used to come up with the figure of €47 per square metre.

I take the Senator's point that perhaps the €3 extra for building inflation is not enough in the current environment. However, a cap like that can be looked at again. We are not saying that this is set in stone. We could look at the cap again. Certainly, we can take into account whatever information the farmers are willing to provide to us.

As I explained to Deputy Fitzmaurice, the cost of killing the mink are based on cost the of labour as well as the cost of carbon monoxide gas. That is all that is included in that compensation. The farmers obviously are including other costs. Unfortunately, we do not have the information as to what they are including. I note that we talk of 35 cent per mink. However, there is also a compensation amount of €160 per tonne of carcass material. We do not know if they are comparing like with like. In the absence specific information from the farmers, we put those figures in place. I apologise for repeating this but we have been struggling from November of last year until this date to get specific information from the farmers. It is only in the last week and a half or so that we have gotten some information on these aspects. That information can be looked at again.

I will respond to the question about the Denmark situation. The accountants examined different compensation packages. Denmark was just one of these. Denmark has ten years but the UK, for example, has five years back and seven years forward. It depends on what kind of compensation at which we are looking at the time. I am sure the consultants had this issue as well but it is difficult to try to compare like with like when looking at these schemes in other countries. I take the point that Denmark has a ten-year multiple. We do not have information as to why it is ten years, rather than five. Our five-year multiple is based on what Grant Thornton deemed to be adequate. This is five years forward in time and five years back in time for the average. It deemed it adequate to place that value on a company of that type. It is using custom and practice here in Ireland, as well as abroad, in general accounting practice. I cannot give the Senator the exact details as to why Denmark has ten years, rather than five years.

Chairman: I thank Mr. Greally and call Deputy Martin Browne.

Deputy Martin Browne: I will be fairly quick. Just like the other speakers, I encourage the Minister and the Department of Agriculture, Food and the Marine to look after the workers. There is a discrepancy between what we heard earlier and what the Department is saying. The farmers told us that they had 30 to 40 workers. It is still a small number of people who are losing their jobs because of the legislation. As Deputy Fitzmaurice said earlier, the Department should lead from the front and look after the workers in this situation.

Is there a particular reason that the farms should be closed down this year? I think the Minister's statement stated that it had been envisaged to close down these farms in 2024. Why has this date been brought forward so much? Can the Minister give us an overall estimate of what farms are likely to get under the compensation?

I have a question for Mr. Greally on the price of removal of asbestos. I may not know a whole pile about mink farming, but I spent 35 years working on steel and using asbestos. I can assure Mr. Greally that there is a massive difference between removing asbestos roofs and fibre cement roofs and galvanised roofs. The figure of €50 would come nowhere near covering the cost of removing those kinds of roofs. Asbestos roof removal has to be done by someone with a licence. Every pallet of an asbestos roof has been double wrapped and sent to Germany for disposal. The person in the Department who came up with the figure of €50 needs to update the information. Like I said, I spent 35 years on that kind of work and I know a figure of €50 would come nowhere near what is needed. I will leave it at that. All of my other questions have been

answered. I would appreciate if the Minister could answer those two questions.

Deputy Charlie McConalogue: I thank Deputy Browne for the questions. These questions have been covered in response to earlier contributions. Certainly, I take Deputy Browne's point. We will be reflecting on the approach to redundancy. We will also do further assessments and look for further evidence and information that can inform us when we finalise the approach to cost. We will note and take forward the Deputy's contributions.

Chairman: I call Deputy Flaherty.

Deputy Joe Flaherty: I thank the Chair. I am conscious of the time. I see that Senator Boylan wants to come in. Most of my questions have already been asked. I will, therefore, defer to Senator Boylan given the time constraints.

Senator Lynn Boylan: I thank Deputy Flaherty; I really appreciate that. While the Minister is here, I will take the opportunity to discuss an issue with him. This relates to pre-legislative scrutiny of the general scheme of the animal health and welfare Bill. Would the Minister be open to meeting me and to taking on board amendments when the Bill comes to the Seanad on another area of concern in the animal health and welfare Bill? In section 38 there is loophole around young animals that are being transported in breach of domestic or EU regulations. Section 38 does not allow for a power of the authorised authorities to either sell or rehome those animals. Those animals have to be kept for the duration of the court case. This means that young pups being seized at ports and are about two years old before they can be rehomed. Not only is this bad for animal welfare, it also puts a significant cost on the animal welfare charities that are the authorised authorities. I am just flagging this with the Minister. When the Bill comes to Committee Stage, at least I will have raised it. However, I would like to meet with the Minister to discuss this. I would also like to know if he would be open to accepting an amendment to the animal health and welfare Bill on this issue.

Chairman: Can the Minister respond?

Deputy Charlie McConalogue: It is open to Members to propose amendments and to explain the rationale behind them. It is then for me to consider whether to accept them. I suggest that, in the first instance, the Senator put her proposal in writing. I can then reflect on the points she is making and take it from there.

Senator Lynn Boylan: That is great. If the Minister is happy to meet with me, I have the legislation ready to go.

Deputy Charlie McConalogue: We will take it step by step.

Chairman: Will the Minister clarify a point for me? It is unusual to provide for compensation in legislation. Is agreement to be reached with the fur farmers? As I pointed out in my summary at the start, the fur farmers raised four major concerns with us this morning. The issue of workers' compensation has been raised by many others. The number of years taken into account when determining profit and the costs of the cull and demolitions are integral to the issue of compensation. As has been said, compensation for the mink farmers is provided for in the Bill. Do we need to reach an agreement with the fur farmers on those matters before we can proceed with the legislation?

Deputy Charlie McConalogue: The point the Chairperson is making is a fair one. It is something I have discussed with the team and we are going to reflect on it. Mr. Greally or Mr.

Kinsella may wish to come in with regard to the ins and outs of the matter up to this point. It is a valid point. I have been considering what is appropriate to include in the primary legislation.

Chairman: I will direct the question to Mr. Kinsella who, as the legal person, might give us his view.

Mr. John Kinsella: You would ordinarily find details such as these in secondary legislation while only the principles would be set out in primary legislation. This Bill is somewhat unusual in that it contains much of the detail. As the Minister was saying, some of that detail may well be stripped out of the primary legislation as the Bill progresses and then included in secondary legislation at a later point. There are a number of reasons for it being where it is at the moment. It is useful because it gives everybody involved, including the farmers and the committee, a good snapshot of the thinking with regard to the compensation scheme, the various heads of loss and other matters we are looking at. It is useful to have a debate and to get good input from everybody involved at this stage. That might not be the case if the detail was to be held back and if we were only to talk about the very high-level stuff you normally see in primary legislation. It is there at the moment, but whether it will remain in the primary legislation after we have input from the committee and further input from the farmers remains to be seen. It might be more appropriate for detail like this to go into secondary legislation, which would allow for greater flexibility. It may not be ideal to hardwire figures or detail on matters such as the issue of five years' debit versus ten years', about which there was a lot of discussion today, into the legislation. It might be better to leave things like that to the secondary legislation. It is certainly good to have it out at this point so that we can discuss it with the farmers and with the committee and so that people can see what the thinking is. Does that answer the Chair's question?

Chairman: As I have said, we got a very good briefing in the first session and we have raised our concerns in this morning's discussion. I have been in farming for a fair while and, in my experience, I have never seen legislation that outlaws an agricultural activity. Will the Department come back with amendments on the basis of the concerns raised this morning with regard to this legislation? What does the Minister see as the next step in getting this Bill onto the floor of the Dáil and passed?

Deputy Charlie McConalogue: I thank the Chairperson. The next step is for us to reflect on our engagement with the committee and on the further engagement with and information from the farmers, which we are seeking. We will then adjust the Bill as we feel appropriate having considered and taken on board the matters arising before introducing the legislation in the Dáil. At that stage, it will go through the process and it will be open to Deputies and Senators to come forward with amendments. In advance of bringing the finalised Bill to the Dáil and having it approved, we will consider what amendments are appropriate. We will then introduce it to the Oireachtas.

Chairman: We have had a very good interaction on this legislation this morning. As I have said, we were better prepared for the second hour of the meeting after the first hour. It is unique legislation. On behalf of the committee, I thank the Minister, Deputy McConalogue, and his officials, Mr. Greally and Mr. Kinsella, for briefing us this morning. They have been very open in their answers to our questions. I thank them very much. We look forward to this legislation and to what we have heard this morning being taken on board. Does the Minister want to make a comment?

Deputy Charlie McConalogue: I thank the Chairperson and all of the members for the engagement today and for facilitating this pre-legislative scrutiny. It is good to have it completed

before the summer recess so that we can continue the work over the summer and be in a position to introduce the Bill to the Oireachtas early in the new Dáil term. I thank the Chairperson and all of the committee for their engagement over the course of the past Dáil year on a number of occasions and in respect of a number of Bills and other matters which the committee facilitated me in expediting. I very much appreciate that. I also want to recognise that this has been a very productive year for the committee. It has had a very strong output in terms of meetings and has had some very constructive engagements. The committee has been very effective. I hope the Chairperson and all of the members get a good break over the recess. I look forward to more constructive engagement after the summer.

Deputy Michael Fitzmaurice: May I ask a question of Mr. Greally before we go?

Chairman: Yes.

Deputy Michael Fitzmaurice: I will watch my wording because these are only allegations but, down through the years, it has been alleged that mink were let loose from some mink farms somewhere in the west. I dealt with a situation in recent weeks in which mink had got into the roof of a person's house. There seems to be a difficulty with mink in certain parts of the country. There is a similar problem with badgers. I know the Department is doing its best with that issue. Is the Department looking at mink that were on mink farms but that are now wild? Is anything going to be done about this situation? I know the animal rights activists will be jumping up and down but they do not have to live in some of the areas we live in where mink are a problem. Is the Department monitoring the issue or doing anything about it?

Chairman: This may not be the kind of question Mr. Greally expected but we would appreciate it if he would be able to answer Deputy Fitzmaurice's question.

Mr. Gerry Greally: Our responsibility is really for the farms and enterprises concerned. We have not considered the release of mink into the wild and the problems that brings. Perhaps issues around mink outside of these farms need to be looked at. Our remit really finishes with the farming enterprise. Beyond that, it may be an issue for the Department of the Environment, Climate and Communications. In summary, we have not considered the issue of mink outside of the area of mink farming.

Chairman: I thank Mr. Greally. Deputy Fitzmaurice has raised a very pertinent question. We may come back to the matter in the next session. It is a problem. Any species that is not native which is let out into a given area causes serious problems. Mink are most definitely doing that. It has damaged the balance of wildlife in certain areas. It is a serious predator. I thank Mr. Greally for his answer on that. That concludes our proceedings for today. The committee is adjourned until 9.30 a.m. Tuesday, 20 July, when we will be joined by representatives of the Department of Agriculture, Food and the Marine for a meeting on the horse-racing industry. The committee is not going into recess just yet. I thank members and our witnesses for their engagement today.

The joint committee adjourned at 11.40 a.m. until 9.30 a.m. on Tuesday, 20 July 2021.