

DÁIL ÉIREANN

AN COMHCHOISTE UM FHORBAIRT TUAITHE AGUS POBAIL

JOINT COMMITTEE ON RURAL AND COMMUNITY DEVELOPMENT

Déardaoin, 26 Aibreán 2018

Thursday, 26 April 2018

Tháinig an Comhchoiste le chéile ag 2 p.m.

The Joint Committee met at 2 p.m.

Comhaltaí a bhí i láthair / Members present:

Teachtaí Dála / Deputies	Seanadóirí / Senators
Jackie Cahill,	Tim Lombard.
Seán Canney,	
Marcella Corcoran Kennedy,	
Michael Fitzmaurice,	
Martin Kenny,	
Charlie McConalogue,	
Éamon Ó Cuív,	
Willie Penrose.	

I láthair / In attendance: Deputies Bernard J. Durkan, Michael Healy-Rae and Carol Nolan and Senator John Dolan.

Teachta / Deputy Joe Carey; Teachta / Deputy Pat Deering sa Chathaoir / in the Chair.

Business of Joint Committee

Co-Chairman Deputy Pat Deering: We will commence in public session. Apologies have been received from Senators Paul Daly, Pádraig Mac Lochlainn, Maura Hopkins and Grace O’Sullivan. Before we begin I remind members and those in the Public Gallery to make sure their mobile phones are completely turned off please.

Engagement with EU Commissioner Mr. Phil Hogan

Co-Chairman Deputy Pat Deering: We are here to discuss agriculture and rural affairs with Commissioner Phil Hogan. I welcome the Commissioner here to this joint meeting of the Joint Committee of Agriculture, Food and the Marine and the Joint Committee on Rural and Community Development. I am joined by Deputy Joe Carey, Chairman of the Joint Committee on Rural and Community Development. The officials, Mr. Kiely, head of European Commission Representation in Ireland, Mr. Ryan and Mr. Tynan of the Commissioner’s cabinet, are very welcome. The joint meeting is convened today to discuss some developing issues in the formation of the new Common Agricultural Policy policy as well as additional EU developments including Brexit, EU trade negotiations and the roads development programme. The Chairman of the Joint Committee on European Affairs, Deputy Michael Healy-Rae is also present. I welcome him to the meeting. I welcome the Commissioner back. I know he was due to come here in March but weather changed all those plans. I thank him very much for rescheduling the meeting.

By virtue of section 17(2)(1) of the Defamation Act 2009, 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 on a particular matter and they continue to do so, they are entitled thereafter only to a qualified privilege in respect of their evidence. Witnesses are directed that only evidence connected with the subject matter of these proceedings is to be given and are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person or entity by name or in such a way as to make him, her or it identifiable.

Members are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the House or an official either by name or in such a way as to make him or her identifiable. Due to the number of attendees at today’s meeting, I ask members to limit their questions to two minutes initially if that is possible. If time permits, supplementary questions may be allowed. We only have about an hour in total. The Commissioner has other appointments later on.

As the Commissioner is aware, the EU is at a very crucial juncture in its history and the Common Agricultural Policy, CAP, itself is undergoing a reform process that could define its future. As he is also aware, a delegation of the committee participated in the parliamentary committee meeting that he addressed at the European Parliament on Tuesday where a number of the pressing issues were discussed. Perhaps the most serious issue of all is the budget and how the new CAP will be resourced, particularly where there is a distinct possibility this may be reduced. Another very serious issue is generational renewal and encouraging more young people to enter and maintain an interest in farming. Environmental measures and external conversions also appear to have the potential to be contentious in the months ahead. Outside CAP,

the farming community is concerned with Brexit, Mercosur, the possibility of a hard border still looming in the absence of concrete and specific proposals, coupled with a more open trade policy that could be detrimental to EU interests, more notably for beef, but also for sugar and ethanol. Before I invite the Commissioner to make his opening statement, I ask the Chair of the Joint Committee on Rural and Community Development, Deputy Joe Carey to say a few words.

Co-Chairman Deputy Joe Carey: Good afternoon. On behalf of the Joint Committee on Rural and Community Development, I thank the Chairman for organising and proposing this meeting and I thank the Commissioner for coming back here, our previous meeting having been postponed because of the snow. On behalf of the Joint Committee on Rural and Community Development, I welcome Commissioner Hogan and look forward to discussions on issues of rural and community development at EU level. The Joint Committee on Rural and Community Development is a new Oireachtas committee and held its first meeting on 29 November 2017. The committee shadows the Department of Community and Rural Development whose remit extends to rural development, community development and infrastructure, national broadband roll-out, administration of EU funding programmes, development of libraries, social inclusion, water safety and charity regulation.

Rural developments support the second pillar of the Common Agricultural Policy and my committee is very interested in several elements of this policy. The EU plans to spend nearly €100 billion on a rural development policy for the period 2014 to 2020 through the European agricultural fund for rural development. We plan to spend more than €4.02 billion of public money on a rural development programme for Ireland over the same period and €2.19 billion of this funding will be from EU sources. Given the level of expenditure involved and its importance in supporting a vital part of our economy, I welcome the opportunity today to discuss such issues as the Leader programme, CAP reform, EU trade policy and the effect of Brexit. However, the future is unknowable and unforeseen shocks to the system such as Brexit and the recent threats to international trade can undo the best laid plans.

The committee welcomes the publication of the EU Commission's communication last November on the future of food and farming, which followed a consultation on the future of the Common Agricultural Policy. In my committee's view, this will assist in getting a better understanding of where the current policy can be simplified and modernised to the benefit of all parties. This is in line with the recommendations from the special report on rural development programming of the European Court of Auditors 2017 which called for increased consistency and simplification. We welcome in particular the following proposals under the reform - to make the CAP simpler; increase subsidiarity in view to reducing the administration burden; improved co-ordination between different policies such as CAP and the rural development policy; and recognise the need for co-operation between state and local agencies to sustain rural communities.

My committee looks forward to budget proposals from the multi-annual financial framework, MFF, and the full proposals on how the goals outlined in the EU communication on the future of CAP will be achieved. It is within this context that my committee recommends promoting social inclusion, poverty reduction and economic development in rural areas, simplifying the processes to access EU funding, for example, that provided under the Leader programme, so that local groups can focus on working on the ground in rural communities, supporting rural and agricultural communities affected by Brexit. On behalf of the Joint Committee on Rural and Community Development, I would now like to put the following questions and observations to the Commissioner. The CAP has had clear successes to date and in order that it contin-

ues to do so, what greater responsibilities does he see for Ireland in meeting the objectives of a more simple and reformed policy? How can the local-led approach of the Leader programme be improved to achieve better co-ordination and to fully realise rural potential? What impact will Brexit have on the EU budget and what is the likely outcome for rural development in Ireland? Overall, how satisfied is the Commissioner with the EU's rural development policy? I look forward to Commissioner Hogan's responses to these questions and I am sure that the other members of the Joint Committee on Rural and Community Development will also have comments and questions.

Co-Chairman Deputy Pat Deering: I thank Deputy Carey. I now ask the Commissioner to make his opening statement. Perhaps he can address those questions while doing so.

Mr. Phil Hogan: I thank the Co-Chairmen and the Members of the Oireachtas present. It is good to be back. I thank the committees for facilitating this meeting. As the Co-Chairman has said, earlier this week I participated in an interparliamentary committee meeting with the European Parliament's Committee on Agriculture and Rural Development. Some of the members present were able to be there. We covered a number of issues but we can always go back over them again.

Last week, I spoke in a debate in the European Parliament in which I acknowledged that "national Parliaments play an essential role in bringing the Union closer to its citizens". We have to rely on members to scrutinise the activities of their own Government but they should also be able to scrutinise the programmes which we have at European level. As public representatives, this is the way it should be.

I recognise the immense hardship caused by the prolonged winter and the rainfall levels in recent months, which have particularly affected livestock and tillage farmers throughout the country. We are all very conscious of the stress that this has caused for farmers, both financial and emotional. The weather seems to have improved and the images of animals going back out into the fields were certainly welcome, though obviously we would have liked to have seen them in better condition. As members are aware, last October the European Commission was requested to allow additional advance payments to be made under the basic payment scheme and advance payments were increased from 50% to 70%. I was requested to allow that increase by the Minister for Agriculture, Food and the Marine. In recent weeks the Minister also requested me to allow Irish tillage farmers to derogate from the crop diversification requirement, which is known as the "three-crop rule". This is being implemented since 11 April. I made a political decision with the Commissioner for the Environment to do so. Of course the paperwork has to be completed but nevertheless farmers have been able to sow their corn and their crops from 11 April without having to comply with the three-crop rule.

This meeting comes at an opportune time. Next week, the European Commission will adopt its budget proposal for the period from 2020 to 2027. Like the Estimates process with which the members are all familiar, there is always a little bit of toing and froing between the relevant Commissioners and the Commissioners responsible for the budget. It is no secret that this is also going on in Brussels at the moment. The difficulty this time arises because we have €12 billion less as a result of Brexit and because of the expectation of member states that more money will be spent on other policy areas at European level, particularly security, defence and migration. That would cost another €12 billion if it were to be implemented immediately. There are only two places from which we can get money, that is, from the member states or from "own resources" as it called. This refers to various sources of money such as the emissions trading scheme. This money is required to fill the deficit in the EU budget. The Irish Government and

other governments - 21 governments out of 27 in fact - have indicated that they are prepared to look at putting more money into the pot. However, this decision must be made by unanimity so we have to work hard over the next year to convince the five or six countries which are holding back if we want to get agreement on a well-funded and fully-funded European budget, such as we have at the moment.

I have made this point strongly when I visited a number of countries and met not only ministers for agriculture, but prime ministers. I have also been offering a robust defence of the Common Agricultural Policy, CAP, and the value for money it delivers. I genuinely believe that the CAP has stood the test of time and has been a remarkable success, but a successful policy is often taken for granted. Nobody here should be under any illusion about the extent of the challenge facing the budget. My job is to try to build strong alliances in order to resist the worst of these cuts and achieve the best possible outcome for our family farm model. That is what I am doing at the moment.

We are proposing some significant changes in the context of the CAP communication. As members will know, on 29 November I indicated that we have to have a new way of delivering the CAP in order to bring about greater simplification of this policy. We have European rules and we have member state rules. In my view we do not need both. We want to move from a rules-based and compliance-based approach to an approach based on performance and results. We have to do more for the environment and for public goods. This is the only way we can adapt our CAP policy in order to be able to show our European taxpayers and all members of society that food security is important but that public goods are equally important. Our farmers certainly have a role to play and I want to see farmers as part of the solution, not part of the problem.

Guaranteeing a fair level of direct payments for farmers to support their work is, in my view, not alone essential and not alone for the benefit of farmers, but for the benefit of the wider society. Farmers are both the producers and providers of our food and the custodians of the countryside and the front line in the protection of the rural environment. They are effectively our boots on the ground in delivering on environment and climate change. I also want to see our small and medium-sized farmers protected from the worst excesses of what may be a difficult budget. I have been making the case throughout Europe that this is about equity and fairness for our farmers, who provide our people with so many public goods.

Some pure economists, in this country and outside it, advocate the abolition of direct payments and say that there should only be payments for public goods. I do not agree with this. We need income support for our farmers in order that they can survive. We cannot have a sustainable society without sustainable farmers. This is particularly the case for our small and medium-sized farmers. If we expect our farmers to make a bigger contribution to climate challenge and other societal goals, that has to be taken into account in terms of the budgetary allocations made. Members will hear more about this over the next few days, next Wednesday to be precise.

On the proposals for CAP reform, which will be published in late May or early June, we are moving away from the one-size-fits-all solution designed to be applicable from the Inishowen Peninsula to the Greek islands, or from Slea Head to Lapland. Not every farmer in these places does things in the same way and we have to reflect that in the spirit of subsidiarity and flexibility at member state level. We are addressing this in the context of our proposals on the CAP. The European Union will continue to have decision-making responsibility in respect of policy and key objectives, while there will be more flexibility for member states to draw up CAP strategic

plans in order to meet those objectives. Member states will have discretion to decide on the appropriate measures to meet these objectives, having regard to their own specific circumstances, whether that is in terms of farming practices, climate or other conditions. In Ireland's case, these measures will have to be included in Ireland's CAP strategic plans, which will be subject to approval by the Commission. The achievement of these measures will be assessed by reference to set indicators and targets.

Some members will be aware that the existing approval system for the rural development programme can be lengthy, cumbersome and, sometimes, frustrating. We are determined, as part of our commitment to greater simplification, to make the new approval process more straightforward and efficient.

At the outset, I referred to the dreadful weather under which farmers have been trying to operate. These conditions have added to the costs of farming and it will not be easy for many of those farmers to recover these costs in the short term. Farmers deserve a fair price for their produce. This is where we are tackling the issue of unfair trading practices. These proposals are targeted not just at farmers and small and medium enterprises, but also at tackling the broader food waste crisis across Europe. Buyers will have to become smarter and more responsive to consumer demands when they can no longer load the risk and cost of food waste on producers. We will have a more ordered and more governed food supply chain. It is an initial proposal, which can be built upon by the member state governments and the European Parliament. We are doing this in the form of a directive which recognises that many member states are already doing things about unfair trade practices. These proposals can supplement and improve those actions. The Minister, Deputy Creed, said at the April Council of Ministers' meeting that the purpose of the legislation is to complement, not replace, that which functions well already, where that is the case.

With regard to trade, Ireland is a major exporting country in agrifood exports. For the year as a whole, it is estimated that the value of food and drink exports increased by 13%, representing growth of almost 60% since 2010. Exports to the UK rose by an estimated 7% to some €4.4 billion despite the weakness of sterling. However, Bord Bia figures suggest the share of exports to the UK has continued to fall despite the top-line growth figure, and the market share for exports to the UK is now estimated at 35%, down two points on last year. Therefore, we have to diversify. We have been travelling around the world with various business delegations in order to see what we can do to diversify, and we have succeeded in many places, for example, Japan, Vietnam, Singapore, Canada and, recently, in Mexico. I know there are concerns about trade negotiations with Mercosur, and these are certainly recognised as sensitive by the EU and as part of the mandate of member state Governments in the European Parliament.

A diversification strategy is essential if the agricultural sector as a whole, and particularly the beef sector, is to be protected from the worst effects of Brexit, given we have no idea yet what kind of future relationship we will have or what will exist between the UK and the EU. I am continuing my economic offensive to identify and access new and emerging markets. I remind the committee that the most recent EU figures showed monthly exports at a record level of €11.5 billion, adding up to a 12-month total of more than €130 billion in 2017, which is the highest ever. I am not saying that is happening because I am the Commissioner but, nevertheless, if there was anything going wrong, I am sure I would have heard about it. I look forward to many people mentioning this figure in the months ahead.

I am going to China with a business delegation arising from the very important opening of that market to beef in recent times, and four meat companies from Ireland will be accompany-

ing us as part of a 71-strong delegation. The opening of the Chinese market is fortuitous and we hope Bord Bia and the Department will be able to deliver exports there, sooner rather than later. I pay tribute to the relationship the Irish Government and Irish public representatives have had with the Chinese embassy and the Chinese authorities in bringing this about. This has been a long time in gestation and it has come about because of painstaking political dialogue over a long period, and I am happy to see it has now come to fruition.

To conclude, I want to deal with the issue of relations between the United States and the EU in the context of trade. These are sensitive times and there is always the potential for a trade war in agriculture and food products between the US and the rest of the world in which European agricultural food products could become collateral damage, for example, in a trade war between the US and China. It is very difficult to understand how the US would target EU companies because we are supposed to be on the same side of the argument when it comes to the surplus of aluminium and steel *vis-à-vis* China. Nevertheless, the strategy and tactics of the US are certainly something that change from day to day, so there will be sensitivities around some Irish products that might be on the list. However, we have to reflect that all regions of the EU are affected and all regions take the responsibility if this is the way the US wishes to proceed.

Commissioner Malmström has been very active. She has gone to the US and the economy Ministers of many states have also been to the US, particularly those from Germany and France, to try to highlight the difficulties that would be created for the trading relationship of European companies *vis-à-vis* the US if this was to come to pass. We hope that common sense will prevail and that the good relationship we have on the trading side, given the 11% increase in trade between the EU and the US last year, will not be affected and will continue. We want to assure co-operatives and medium-size businesses in the food and drinks area, which are worried about this situation, that we are doing everything to convince the US President by 12 May so he will not in any way pull the levers of some irresponsible action that will have unintended consequences for our agrifood trade.

Co-Chairman Deputy Pat Deering: I thank the Commissioner for his overview of the situation. As our time is limited, I ask Members to be concise and to the point. As Chairman of the Committee on European Union Affairs, I ask Deputy Michael Healy-Rae to comment.

Deputy Michael Healy-Rae: I welcome the Commissioner. On Brexit and the future of the EU, does he have any insights on whether the UK will change its mind on staying within the customs union or find some customs solution that will go a long way to mitigating the impact on the Border with Northern Ireland? How does he see Ireland's place in the future of the EU without the UK, and how much do we need to change our strategy?

The Commissioner knows there are serious concerns in Ireland about the future of the suckler herd. Simply put, it is not profitable at present for them to stay in business, given the current status of payments to suckler farmers. If we want to continue with a strong beef sector, we must have suckler farmers making a profit. At the moment, given what it costs to maintain a cow and keep it alive for 12 months, if all the farmer is gaining is the fact that cow will produce a calf, then the return versus the cost is not enough. This has been compounded by the weather, which the Commissioner acknowledged, although I will not blame him for the weather today. Having said that, there is a very serious situation for suckler farmers.

I look to the Commissioner for a comment and an assurance in regard to part-time farmers. He was a politician in Ireland for long enough to know the down-to-earth facts that young people growing up today - the sons and daughters of farmers - if they are to survive, in the majority

of cases, will need to have some other type of employment. They will need to have some other type of job, be that a part-time job in conjunction with part-time farming, or a full-time job in conjunction with part-time farming. I hear a lot of what can be at times negative reporting by our media, and sometimes our media can be at sea when it comes to discussing agricultural matters because they are so far removed from reality that they would not realise the impact of what they are saying. I would like an assurance from the Commissioner in order to support people who are involved in farming on a part-time basis.

With regard to transport for fodder, systems were put in place which are finishing up over the coming days. We need the Commissioner to assist the Government and the Minister for Agriculture, Food and the Marine to ensure that farmers will get assistance for the next couple of weeks. I could not finish without acknowledging the work that is being done by our farming organisations, such as the IFA, the ICMSA and all the other groups which have worked so diligently in trying to highlight the problems we have today with agriculture, in particular that since last July it has been torture to be involved in farming. It was a shame the Government woke up so late to the fact that we were in the middle of a crisis.

Co-Chairman Deputy Pat Deering: We will take four questions together, if the Commissioner does mind.

Mr. Phil Hogan: I have five already.

Co-Chairman Deputy Pat Deering: I am sure Mr. Hogan is quite capable of lumping them together. I call Deputy McConalogue.

Deputy Charlie McConalogue: I welcome the Commissioner and his colleagues. I thank him for taking the time to meet both committees. I acknowledge the importance from a national point of view of having him in the role of Agriculture Commissioner. I also acknowledge the work he is doing in regard to putting the next CAP programme together, which by and large is amenable to Irish national interests and will be welcomed by countries across Europe in terms of its structure. The Commissioner mentioned subsidiarity and returning more power to the individual member states to frame CAP in a way that suits them, moving from a rules-based CAP to an outputs-based CAP and ensuring there is flexibility within that. Those are all welcome.

Of course, the overarching issue is going to be that of the budget. I know the Commissioner has been very clear on that in his comments. We have to look at this against a backdrop where, in the past ten years, there has been a 20% drop in the income coming to Irish farmers from CAP. It was €1.8 billion in 2007 but it is €1.48 billion now. It is crucial that a line be drawn under the matter and that those reductions be stopped. I do not believe any reduction in the next CAP will be acceptable. Instead, we should acknowledge that CAP is a key part of ensuring that quality food of the highest standard is produced. That should be acknowledged at EU level in the context of keeping the budget intact. I know there are challenges but we are certainly depending on the Commissioner to drive this home. Could he update us about the potential for getting the relevant member states on board with regard to agreeing to contribute more? I think up to 1.3% of GNI would be required. Every effort needs to be made in respect of this.

I welcome the €60,000 cap outlined in the draft communiqué. This is something Fianna Fáil has pushed for and it is a welcome move on the part of the Commissioner. I certainly hope the Government will back him up on that because he will need support at European level over the coming period.

I would be interested in hearing the Commissioner's perspective on the recent comments of the UK Secretary of State for Exiting the European Union, David Davis. The Commissioner has been frank up to now regarding the position of the UK. It appears that the British Government is still living in dreamland in the context of its approach to Brexit.

On our preparedness for Brexit, in the context of agriculture, I do not believe we are fully on top of the issues. There is a role to be played by the European Commission in supporting Irish agriculture to prepare for it. I would be interested in hearing what engagement the Commissioner has had with the Department of Agriculture, Food and the Marine on that and whether it has any asks of the Commissioner in terms of support for what it is doing.

What is the Commissioner's position with regard to current negotiations on the Mercosur trade deal? I emphasise that this proceeding is totally against the interests of farmers, particularly those in the beef sector. I have grave concern about the impact on the beef sector of the mooted increase on beef imports to 99,000 tonnes.

In the context of fodder, I acknowledge that the Commissioner has outlined clearly his understanding of the pressure farmers have been under domestically. Certainly, the response at domestic level has been in no way sufficient. From the point of view of ensuring that the structures are in place to deal with such issues in the future and adverse weather conditions in particular, what more can be done in the context of CAP with regard to putting structures in place so that we are better able to respond to such conditions as they happen instead of taking the kind of haphazard approach that, unfortunately, we have seen in recent times?

Deputy Willie Penrose: I thank the Commissioner for attending. I have no doubt he is firmly in our corner with regard to CAP. I remember saying in the Dáil two years ago that this was the real hole in the bucket. We are looking at other matters such as trade but the contribution of the British to the CAP budget - at a little over €12 billion - will certainly be a huge issue. I have no doubt that the Commissioner is fully aware and will be advocating but we must be honest with people. We must bring some big hitters along like the Dutch and the Danes and get them on board because unanimity is required. Of course, the Irish Government has already indicated its position. We pay over €400 million into CAP. Another 1.1% would bring that up by a further €40 million, €50 million or €60 million and things would still be very good for us here. We can explain to taxpayers why the increase is necessary. That is no problem but we have to bring everybody else along. I have no doubt that the Government and our bureaucrats will play their role but we have to bring everybody else along because they have to be convinced. Those to whom I refer must, in turn, convince their consumers and the public at large in their jurisdictions so let us not say that we can go in with a big stick. It will take a lot of very purposeful negotiation to ensure that this will happen and that the budget will be increased. As the Commissioner said, there are only two places to get this money - one is from here and the other is from other member states.

One of the issues I have come across in recent days relates to a concern in respect of which, perhaps, the farming organisations have not advocated as much as should have been the case. I will advocate what Macra na Feirme has advocated for. In recent times, significant concern has been expressed by many stakeholders about young farmers and the concept of generational renewal. There is an issue with structural supports for young farmers. The moment this is mentioned, people say that they do not want any straight lines, cuts or anything else. In such circumstances, let us be clear: we cannot swing on both sides. We must come down somewhere in the middle and that is the way I go in political life. We need to increase the maximum level of funding beyond 2% and focus on reducing additional barriers to young farmers such as those

relating to access to capital, lack of business skills and insufficient succession plans. To what extent does the Commission propose to protect the family farm structure? There has been a trend away from doing so in recent years. Will the Commission explore a long-term strategy for generational renewal, which is very important? What incentives are under consideration to incentivise greater involvement in agriculture on the part of young people? I was at PuncHESTOWN yesterday and two farmers and an auctioneer told me that this is the big issue and that nobody is talking about it. I was amazed. The number of people under 35 who are going into farming is dropping drastically. It is not just dropping in Ireland. According to the European Court of Auditors, it decreased from 3.3 million in 2005 to 2.3 million in 2013. The number of hectares held by young farmers has fallen from 57.7 million across Europe in 2005 to 51 million. That is a drop of over 6 million. There will be nothing for the future if we do not sort this out.

The EU negotiators are fully aware of the importance of the equine sector, particularly in the context of the horse racing and horse breeding industries, to Ireland's rural economy. Will the Commissioner take account of the current position of free movement of thoroughbreds between Ireland, Great Britain and France? A tripartite agreement is in place between the Ministers with responsibility for agriculture in the three countries. We must remember that 80% of Ireland's exports of thoroughbreds are to the UK. The Commissioner can, therefore, readily appreciate the importance of the role of trade in the Brexit negotiations, particularly in the context of this vital industry. We should not lose sight of that fact.

Deputy Martin Kenny: I welcome the Commissioner and his staff. CAP is the big issue facing us for the next few years. The budget is vital. We must ensure the largest possible budget for Irish farmers and farm families. I welcome the announcement this morning of the €60,000 cap. That is appropriate at this point. We must find some way of capping that budget. This brings me to Pillar 1 in particular. We have an entitlement system based on something involving farming activities 20 years ago. Entitlements are becoming a commodity that is traded, leased, rented and messed around with. There is an opportunity to find a way out of that. I would appreciate hearing the Commissioner's comments on the matter. Previously, there was an element of greening in Pillar 1. Will that be removed? It was mentioned that there will be more flexibility and that member states will have more autonomy over it. Will that mean fewer rules and less counting of things, which I think farmers want to see happen, so that there will be an element of trust that the farmer is doing the right thing and does not need to be checked, watched and studied all the time? The latter has certainly been the experience up to now.

With regard to fair trade and fair prices, it always strikes me that every farmer says we need the live export trade. Unless there is a release valve that creates pressure on the price so that factories can start to pay more, the processors will not give farmers a fair price. This tells us that the processors and the big meat barons are in the driving seat, which should not be the case. It is about regulation and trying to bring some flexibility into it so that we can be sure we are looked after.

Theresa Villiers has a motion before the House of Commons to stop live exports from Great Britain after Brexit. This would mean that a farmer in my part of the country in Leitrim who bought a bullock in Fermanagh could not bring it back across the Border because it would be a live export from the UK. This is the type of nonsensical situation at which we could arrive. I wish to ask again about the Mercosur trade deal. On the previous trip to Brussels which I was on the Commissioner said he expected it to be concluded quite soon. We are some way down the road since then and we have not seen much movement on it. I welcome that fact. I hope there will not be much movement on it. Where does the Commissioner believe that deal is go-

ing? What direction is the EU taking in respect of not only Mercosur but all trade deals? How vulnerable will Irish agriculture continue to be in the future in respect of such deals, which are being made, by and large, at the behest of big industry and the commercial sector, in particular insurance and financial services, that want to get into other markets and are trading off against the importation of cheap agricultural produce? I will leave it at that.

Co-Chairman (Deputy Pat Deering): I now call on Commissioner Hogan and ask him to be as brief as possible although there is a number of issues to be addressed.

Mr. Phil Hogan: Thank you very much, Chairman. I assure Deputy Carey that the community-led local development model will be retained. We want the community sector to be strong. There will be ring-fenced resources in the future, post-2020, in the same way as there are now.

Many speakers asked about the budget and the Common Agricultural Policy, CAP. As Deputy Penrose and I know very well from the time we were in a little bit of hardship together down in the Custom House when we had to go to see the then Minister for Public Expenditure and Reform, Deputy Howlin, it was not an easy place to be in terms of an Estimates process when there was very little money. In fact, we were going into a situation where we had no money, and the challenge was to try to hold onto the programmes we had. The current situation is a little bit like that now, in that due to Brexit we have €12 billion less in funding and we have a demand for more money for other initiatives. There is a finite number of places we can get funding but the principal one is based around the gross national income of the member state. At the moment we are paying equivalent to 1.13% of gross national income on the basis of an EU 27. If Denmark, the Netherlands, Sweden, Finland and Austria want to hold the line and say there should not be another euro for Europe then we are in trouble because unanimity is required. We hope that at the end of the day they will like the new policy initiatives that are being discussed more than the ones that affect us in relation to Brexit. The negotiations for the next year will be difficult. The Commission can only make a proposal and it is ultimately the member states in the European Parliament that will make the final decisions.

On the impact of the budget on rural development, of course there is going to be a knock-on effect on all programmes, including agriculture and cohesion, if there is going to be less money. In response to Deputy Healy-Rae, Ireland without the UK will have to build new alliances. That work is ongoing and an effort is being made to build alliances with an arc of countries around the United Kingdom, where there is a lot of dependence on the UK market. That is an obvious place to start. We are very conscious of the suckler herd. We can give flexibility to the member state and the Minister of the day on the type of issues the Deputy mentioned, to draw up their priorities in the context of the CAP plan. They have the chance of putting in a little bit of voluntary, coupled support if they wish for sectors that are under pressure, and that will be retained. I do not know where the notion came from that we were going to prevent part-time farmers from getting money. It must be a Kerry issue because I got a letter from Kerry County Council.

Deputy Michael Healy-Rae: No, it is not. If the Commissioner was listening to “Morning Ireland” this morning he would realise it is a national issue.

Mr. Phil Hogan: I think it is more of a Kerry one. I did not get a letter from anywhere else. I want to give an absolute assurance that the way part-time farmers get their money at the moment will continue. There are no plans whatsoever by me anyway to change that. Perhaps others have plans to change it but I do not. I have given the responsibility for defining an active farmer back to the member state. That discussion will be had in the Department of Agriculture,

Food and the Marine with the Minister of the day. I wish Deputy Healy-Rae well in that regard. The last time the measure came up for discussion in the reform programme, agreement could not be reached in the European Parliament and the Council of Ministers on the definition of an active farmer for 28 member states. Bringing it back to each member state means that there will be differences in each member state about what an active farmer is. It will be an interesting debate. Part-time farmers should not have anything to worry about.

We certainly feel empathy and sympathy for farmers affected by the fodder crisis following eight months of rain. Anytime I was asked to do something I did, whether it was to bring forward payments, do something with the three-crop rule or finish the payments for GLAS, we approved it. That is as much as I can do.

Deputy McConalogue asked about Mr. Davis's comments. I noted them. This is the first indication that we have got from the Brexit secretary that there will be some proposals tabled on customs arrangements and partnership, building on the Mansion House speech of Prime Minister May. It will be very interesting to see what is tabled on 17 May. The next five weeks will be very important in the UK because there are local elections, the initiatives outlined by Mr. Davis, and we are also getting close to the timeline of the June European Council Summit. They know the clock is ticking and that they have to get real about what kind of partnership arrangement they need on customs. We definitely need some movement on customs in order to deal with a lot of the concerns we have on the island of Ireland and in the future relationship between the UK and European Union. They have to get more real about it. It is make-your-mind-up time now in terms of what direction to go. The House of Commons will play a role in that as well. Some significant votes will take place there in the coming weeks.

On Mercosur and trade generally, I was asked a question at an IFA event last Friday night about the need to be careful with our carbon footprint regarding Mercosur. That is fine but, equally, the same logic should apply to what we do in Japan and China. We must be very careful. Trade is the essence of the negotiation but there will be winners and losers. Depending on the country one is dealing with, there will be offensive and defensive situations that will have to be tackled. If one is in a trading environment one might not get as much as one wants one day but one could get a lot more than one expected another day. That is what happened in Japan. We got a deal for 65,000 tonnes of beef. Nobody mentioned that because it is good news. We have opened links with the Chinese market, which will have an immediate effect rather than having to wait for ten years. If we do a deal in the morning with Mercosur it will take ten or 12 years before it is implemented. We have a bit of time in terms of the concerns that have been expressed. The sensitivity around beef is reflected in the mandate given by the Council of Ministers to the negotiators, and it has to be approved by every member state subsequently. There is no point in negotiating a deal without striking the right balance because it will subsequently be turned down. It would be a hell of a waste of time. The negotiations on Mercosur have been going on for 20 years. Elections are taking place in Brazil at the moment. The next round of negotiations with Mercosur countries will effectively take place at the end of May. I do not know whether the Brazilians will moderate their view sufficiently on cars or industrial products to satisfy some member states in the European Union. If there is no change there will be a standstill again for another while. That has been the way for a long time. I was here at the time of the last meeting and I thought there was sufficient momentum for something to happen. We certainly did not get what we asked for, and that is the reason there is no deal.

On trade generally, we are making a lot of progress on skimmed milk powder. Most people I hear talking about skimmed milk powder in storage are farmers and I think they should not be

talking about it because they are allowing co-ops and other people that are buying milk to use it as an opportunity to reduce their price on the basis of there being an overhang in the market. We will handle this in a sensitive way that will not in any way impact on the price of milk for the farmer. If co-operatives or businesses that are buying milk want to use it as an excuse then they are wrong, because there is no excuse. We sold 24,000 tonnes last week. We did a deal for 30,000 tonnes with Mexico which will happen next year and we did a deal for 10,000 tonnes with Tunisia this week. We will move it, slowly but surely, into markets that are outside the European Union. The deals are very satisfactory.

Finally, I will make a couple of points on the equine sector. This is a very sensitive sector which is hugely important economically and in terms of employment for the country. I initiated discussions a year ago between the French, the UK and the Irish to try to see if we could mobilise together those three countries that have 90% of equine activity. It will be one of the issues to be discussed in any future trading arrangement. That is progress but the matter will not be easy to solve because there are veterinary and animal health issues in the context of the movement of animals and decisions made at short notice about race meetings and so on. Members are all very familiar with these issues. The breeding of animals and all these movements will be tricky to deal with but the matter is on the agenda. It is on the British agenda, as well as the European Union agenda. That is a good step. I met the industry this week to discuss it further. We want to continue with the tripartite arrangement, if possible.

On young farmers, I have made it a specific objective of the new CAP that one will not get approval for one's plan from any member state unless one is doing something substantial for young farmers. I am saying to everybody that we will take a strong line on this. We will build on the excellent document produced by Macra na Feirme and the ideas therein in order to have them implemented at European level.

Taxation is, of course, a competence of the member state. We have nothing to do that in the European Union and we are unlikely to have for a long time to come. Taxation measures are matters for the members but we can add value at European Union level to force member states to do more. That includes opening up. We have to consider possibilities in regard to internal convergence and entitlements to afford some opportunities in terms of the national reserve and to build on that for young people. It is a serious problem that will not go away unless we take decisive action.

With regard to greening rules, we are going to abolish the existing greening arrangement. There will be, in Pillar 1 payments, what we call conditionality in regard to the environment and climate. We are considering what we can do to say to farmers that in return for the money they are getting, they have to do a little more for the environment and climate. I cannot say what we are going to do and how it will manifest itself yet but that is the principled position we have taken. The present greening system has not worked for the environment or farmers and therefore needs to be abolished. We will take the best of all possible worlds in terms of good agricultural and environmental condition, GAEC, and cross-compliance and will determine how we can proceed in a less complex way. I want to reduce the burden of the rules significantly so that if one is doing good work and signing up to a comprehensive plan under CAP, there is more responsibility on the member state and less in terms of the rules that come from Brussels on counting the trees, distances between trees, and distances from buffer strips and ecological focus areas. We have to get away from this prescriptive approach and give more flexibility. That is what I mean by flexibility. Ireland can meet these objectives in a different way from farmers in Spain or Greece. Therefore, we should give the flexibility.

On unfair trading practices, we have made a basic proposal. It can now be built upon by the member states and the Parliament. There is a lot of opposition to this from the big supermarkets and people interested in competition. We heard this debate in respect of the groceries order in 2006. We should never have got rid of it. We were told at the time by the pure economists that there would be a bonanza for consumers in terms of cheap food, that there would be no problem with the level playing pitch for farmers and that farmers would continue to receive a good income. This was a ridiculous argument. If one reads the Dáil debates from around 2006 — I do not have time to do so anymore — one will note they were very interesting and how wrong the assumptions were at the time in terms of what happened. There are people who are now very interested in public health issues. We allowed big supermarkets to open their doors to cheap drink products for young people. Nobody worries about the damage done to young people by the irresponsible action of abolishing the groceries order on the spurious grounds that it would give a fair boost to consumer spending and reduce the groceries bill of the consumer. This never happened. A study of this will show that consumer prices went up rather than down. Therefore, some of the advocates at the time should be brought back to the committee to learn what went wrong. It would be a very interesting debate. I am glad I got that off my chest.

Co-Chairman Deputy Pat Deering: I thank the Commissioner. There is approximately 20 minutes left so we should be as brief as possible.

Deputy Jackie Cahill: I thank the Co-Chairman and I welcome the Commissioner and his officials.

As said by many speakers already, the preservation of the CAP budget is very important to the Irish economy and rural Ireland. We should not be apologetic about the CAP or about seeking the maintenance of the CAP budget. The European taxpayer has got value for money from the CAP. European farmers have produced high-quality, safe products for European consumers over a long period. That is what the CAP was designed for. It has delivered on its objectives. We should not be apologising for trying to protect the CAP. I hope there will be agreement in all the member states to increase the contribution to the budget in order that we can maintain the CAP budget. If we get agreement, we want to make sure the CAP percentage is ring-fenced and that we do not find ourselves with an increased contribution from member states spent on issues that might not be as important as CAP is to the Irish economy. The ring-fencing of the CAP budget in any increased donations is essential.

The Commissioner talked about Mercosur and said the development in this regard is some way down the road. It has come to a crossroads on a few occasions and has never reached a conclusion. We are in CAP negotiations now and there has to be recognition of the concession made by the Commission regarding imports to the European Union and the damage this can do to the European beef sector. If we are to get more concessions, now is the time to get them in the context of the Mercosur deal. The fact that such concessions are being made by the Commission gives us a bargaining tool in trying to get a better deal for our beef sector in the future.

The final point I would like to make is on volatility. The Commissioner talked about skimmed milk powder and the amount in storage. The fixed price ceiling for the purchase of skimmed milk powder for intervention is suspended for 2018. I would like the Commissioner's view on the market supports that will exist in the CAP for the period 2020 to 2027. Volatility is a significant issue and has been for farmers.

Senator Tim Lombard: I acknowledge and welcome the Commissioner. I totally agree with his comments on the groceries order. We debated when considering the Public Health

(Alcohol) Bill how we dealt with that issue. I have consistently called for its re-examination. There is such a gap in the market, with underselling of alcohol as a loss leader to get people into the supermarket. We legislated for this. What was occurring was absolutely appalling. I hope this committee can restart the debate on getting the groceries order back into the frame.

The Commissioner mentioned the importance of the CAP budget. What are his views on the reference years in the original CAP, namely, 2002 and 2003? If we are to have another CAP for the period to 2027, there will be reference years dating back a quarter of a century. This should be taken into consideration when thinking about young farmers coming into the system. Is the Commissioner happy that this is the approach we should be taking at European level to ensure young farmers entering the system have single farm payments to work with? In many ways, having single farm payments dating back a quarter of a century is one of the key issues that need to be examined in order that the CAP can be sustainable and young farmers entering the landscape can be promoted. Is it the approach of the Commission to have entitlements dating back 25 years if the new CAP for the period to 2027 is introduced? Can the Commissioner shed some light on that important issue?

I welcome in particular the Commissioner's statement last Friday in Kilkenny that a political agreement was made regarding the three-crop rule. Could he shed light on when the paperwork will be completed? Single farm payment applications must be submitted by 15 May. There is a process that needs to be put in place so they will be above board and legal. Some of the advisers and Teagasc staff are anxious that the initial paperwork be done so the single farm payment forms can be completed to the letter of the law.

Deputy Michael Fitzmaurice: I welcome the Commissioner and his team. I have a few questions on which the Commissioner might have figures. Am I correct in saying that the farmers get one part of the CAP budget and that airlines and shipping companies get a lot of the rest?

Am I correct in saying that were the €12 billion to be taken out of the slice of the cake, it would result in a figure of approximately €100 million in Ireland's case? That is what I was looking at in the figures for different countries.

I saw in the *Irish Farmers' Journal* that there was a leak about the new CAP. It was alleged, in respect of front-loading, that there would be an option for the member state. Will active farming be done by the member state? At the end of the day, will the Commissioner and the EU decide the new CAP? What input will member states have into it?

With regard to penalties, which the Commissioner has tried to address, could a system be introduced whereby an inspector could give a farmer a yellow card and tell him that he will be back a month later and if everything is not right, it is kaput for him in order that farmers are not afraid of their lives?

For the past 16 years, the EU has had a category called the forgotten farmer for those who missed out on entitlements. The Commissioner and Senator Lombard are correct about the need to get young farmers into the industry. The farmers in this category have ended up with nothing for 16 years because they did not have a certain amount of stock and so on. Before Christmas, the EU said they will now be entitled to payments but they will need a linear cut or whatever to get the money. What incentives will there be for Ireland and other member states to get older farmers to transfer farms? Unfortunately, many are having accidents, Will there be an early retirement scheme or something similar? People were over from the EU before speaking about it.

Due to the recent weather problems, we were looking for money to be front-loaded under GLAS and other schemes? Has the Commissioner any objections? If farmers want to buy fertiliser, meal and so on and they are in trouble financially, could the Exchequer bring the payments forward by six months? Does he have a problem with that?

The EU is being blamed for the new online system here. Many elderly farmers may not have broadband and there is concern about filling the new online system up. As Deputy Healy-Rae pointed out about the suckler herd, we are in trouble. What are the Commissioner's views on this and the future of the dairy sector? The IFA and other farming organisations are represented at the meeting. A big problem is emerging with vulture funds. Mr. Goodman has bought a large farm off a vulture fund, according to the *Irish Farmers Journal* today. There are 2,500 farmers in trouble around the country with vulture funds. Could the Minister ensure low interest loans are made available to them to help them to secure their farms? They are blackened at the moment but many of their farms could be viable if they are given an opportunity.

Deputy Carol Nolan: I welcome the Commissioner and I am glad we have had a robust discussion on many issues of concern to farming families. I welcome the fact that he strongly acknowledged in his presentation that incomes must be protected, particularly for those with small and medium-sized farms. There is a huge concern about suckler farmers. They are struggling on an average payment of €13,000 a year. Some of them can afford to diversify but many cannot and that is a serious problem. The Commissioner mentioned one intervention but this issue needs to be prioritised. Suckler farmers have become the poor relation in the agriculture industry and they need to be treated fairly. I welcome the huge campaign on the issue. Many farming organisations have come out strongly on it, on which I commend them. Hopefully, we can keep everything going in that regard.

The Mercosur deal is also a huge concern for farmers in Offaly and north Tipperary. They do not want it to proceed, as they want to protect their livelihoods and the farming community in general. They have a significant role to play in our exports and we do not need to jeopardise that.

With regard to young farmers, I welcome the reintroduction of agricultural apprenticeships, which was reported in the *Irish Farmers Journal* recently. That will help matters. The Commissioner is strong on this issue and he has embraced the Macra na Feirme recommendations. The main issue for young farmers is income but it has always been an issue for farming families. The difficulty accessing credit and the burdensome nature of preparing for inspections as well as the fear of inspections are also deterrents for young farmers. Some went into farming reluctantly to keep their parents satisfied. They did not apply for schemes because of the fear of inspection. Inspections need to become more supportive. High standards and regulations are needed but they need to be more supportive and encouraging to attract young farmers. There is an interest among young people in agriculture, as indicated by the increase in the number of agriculture courses available through the Central Applications Office last year. They need more support and encouragement and I hope that can be done because we need to protect the future of Irish farming.

Senator John Dolan: I welcome the Commissioner. I started out life as a pig farmer but for almost 40 years I have had a disability. I will change tack slightly to rural development, which comes under his remit, and growth, jobs, smart villages and unemployment, which is a huge issue for people with disabilities. There are 80 million people with disabilities throughout the EU and when their families are included, the number of people affected trebles. A fair share of them are in farm families while many older farmers are not on the fit to play list. There

are many issues relating to disability, chronic illness and so on. What is happening, particularly within the rural development remit, to support people with disabilities and their families throughout rural Europe?

The EU ratified the UN convention in 2010. Ireland had the honour of coming in last on ratification but we will be first off the blocks now. Every member state has ratified the convention, with many of them having done so for a number of years. The Commissioner referred to demands for new commitments. This commitment was made a number of years ago by member states and the EU. Will the Commissioner make a brief statement on that?

The Commissioner has a slew of colleagues at Commission level. I have engaged with two of them before Oireachtas committees and I found them to be shy when it came to issues affecting people with disabilities under their remits. If he could keep an eye out for them generally, it would be well appreciated.

Deputy Bernard J. Durkan: I compliment the Commissioner on the manner in which he and his directorate-general have discharged their duties in respect of the agrifood sector throughout Europe, with the consequential benefit to Ireland. I wish them well in the future, particularly in the ongoing world trade negotiations. These are competitive, hostile waters. It is a whole new ball game with geopolitical issues and social issues arising daily. I offer my full support to the Commissioner to complete the negotiations to the eventual satisfaction of Europe and Ireland.

Brexit is the most significant issue the country has had to face in the past 50 years or is likely to face for a considerable time. Various positions have been stated and I think the position adopted by the Irish Government is the correct one and must be maintained. The position adopted by the European Commission negotiators, Mr. Barnier and others, is also the correct one. Hopefully they will see that there are no alternatives. Our colleagues across the water have, sadly, adopted a policy that is not very progressive and it appears that they are waiting for everything to resolve itself in its own good time. It is not going to be that way and cannot be that way. It is of fundamental importance that there is a recognition that this issue is not going to go away. It is a matter for the British Government, which initiated their exit from the European Union. Nobody forced them to do it and it now falls to them to take the responsibility of ensuring that it is accommodated to this country, North and South. I ask the Commissioner to keep in mind the issues affecting the agrifood sector, North and South, because, in the 20 years since peace came to Northern Ireland, we have enjoyed an economic situation that we have not had before. To move from that would be a disaster.

Deputy Éamon Ó Cuív: Mr. Hogan is welcome back.

Mr. Phil Hogan: Thank you. I was beginning to wonder where the Deputy was.

Deputy Éamon Ó Cuív: I am sure he was. I will leave agricultural issues to my colleagues because I am here in my role as a member of the rural development committee. What is the intention as regards the percentage of the rural development envelope that will go to rural development outside the farm gate? Is it intended to continue with the Leader programme as the main vehicle for the expenditure of that money? Although €200 million is welcome, it works out at €1 million per county per annum and it is very small in the context of all the development we see around the place. Is it the Commissioner's intention to make sure it is much simpler, and that the Government has a much simpler system than it has at the moment to develop Leader funding on the ground? Perhaps Mr. Hogan could reverse some of the complications

that came in during his tenure of office now that he is the Commissioner. He could simplify it and streamline it.

Mr. Phil Hogan: The Deputy supported me during it all. I was finishing the job he started.

Co-Chairman (Deputy Pat Deering): There are two key issues. On the question of the simplification of the Common Agricultural Policy, despite all the reviews there have been in the past 30 or 40 years, it has not got much simpler. What commitments can the Commissioner give us that it will be simplified this time?

On a more sombre note, farm safety is a key issue right around Europe and we have experienced lots of incidents in Ireland over the years. Can something be included in the new CAP to address the issue?

Mr. Phil Hogan: I agree with Deputy Cahill that we need to be very careful about the proportion of the budget that relates to the CAP, no matter where it comes from. We can only deal with the money we have at the moment and if new money comes onto the horizon we have to make sure we benefit from that too. In trade, generally we make cumulative concessions on beef and we also have to go around the world and get good results, such as the 65,000 tonnes of beef we got from Japan. There are swings and roundabouts and we have to ensure we improve the situation in Europe at the moment, where beef consumption is going down. There has been a strong attack by various lobbies on the beef sector, which is also not easy to overcome. The challenge to beef comes from within the European Union as much as outside.

Significant market supports along the lines of those we have now will become available to deal with volatility and we want to enhance our risk management tools, which we have just done with the omnibus regulation. A mid-term review came into effect with the changes we made on 1 January 2018, which recognised that we needed to do more in the area of income stabilisation tools in Pillar 2, in respect of the active farmer and greening. More insurance products are also available now, and which are easier to deliver on the ground in respect of Pillar 2.

The MilkFlex programme has been a major success and €100 million has been borrowed in the Glanbia area alone. All dairy co-operatives are getting involved so as to have ring-fenced money, with longer terms and at a fixed interest rate, to deal with price volatility in the payment schedule. These are innovative products which we are trying to build on and they are very welcome.

We have to look at entitlements in respect of reference years and many member states have already implemented a new regime but Ireland, Spain and a few other countries have still not adjusted their systems to reflect this. We are having a conversation internally to see what we need to do and we will say something about it when the legislative proposal is open. If we are serious about prioritising young farmers we have to see this as a barrier to entry. The paperwork for the three-crop rule will be completed by 29 May but no member state has objected to date about what we are trying to do. The Department of Agriculture, Food and the Marine has to give the official position but I can speak politically and can tell farmers they can sow their corn and will not have any problem with the three-crop rule.

We are extending the basic payment scheme applications by one month from 15 May to 15 June because of the weather and other things, if member states wish to take this up. There is a bit of a logjam and the extension might help people cope with online applications, 100% of which must be completed this year.

I can tell Deputy Fitzmaurice that no airlines are going to get money from the Common Agricultural Policy as far as I know. If the Deputy has any idea who or where they are I would like to know. We have transferred the active farmer clause to the member state because we could not get the agreement of 28 member states. Ireland can now change the definition of active farmer as of now, because we did this in the mid-term review, but it has to notify the Commission of what it intends to do by a certain date every year. The last date was 31 March and I doubt if they applied because I would have heard about it if they had. For reasons I gave earlier, every member state has different issues relating to active farming but the member state plan, which will be put up in the next reform, will have to be approved by the European Commission. It will be based around nine objectives, one of which will be in the area of young farmers and generational renewal. There will be no approval of the plan unless a genuine effort is made by the member state to do something to get more people involved in agriculture. It is a big change and targets will be set by the member state for what it intends to do.

I have brought in approximately 100 changes and simplifications and perhaps the committee should familiarise itself with them. It is obvious that the Co-Chairman is not familiar with the changes. The last reform made the policy hugely complex. I did not introduce greening. It came at the last minute in order to protect the budget and farmers went along with it on the basis that at least they got the money. Its implementation was very difficult, however, so I am going to get rid of it. I hope we are not going to replace it at member state level with something that is more complex so we have to keep an eye on it. We are going to get rid of a lot of EU rules because they duplicate member state rules and we do not need two sets of rules. We need more technology rather than physical inspections.

In response to Deputy Nolan, I have not come across a farmer who was so afraid of an inspection that they would not apply for a cheque.

Deputy Carol Nolan: I have.

Mr. Phil Hogan: There are a good few of them here and I doubt if they have met anybody who will not apply.

Deputy Carol Nolan: I have. The sheep scheme was one such scheme.

Mr. Phil Hogan: It must be a very rare breed of sheep. I have yet to meet farmers who have a fear of inspections in order to get money.

Deputy Carol Nolan: The Commissioner should come down to Offaly and I will introduce him. It is an issue. I do not think the Commissioner should be flippant about it.

Mr. Phil Hogan: If it is 0.1%, of course, that is fine.

Deputy Carol Nolan: It is an issue.

Mr. Phil Hogan: The Deputy must let me answer the question. We have brought in a system to take the climate of fear out of inspections called the preliminary check. The farmer can go the Department of Agriculture, Food and the Marine with his or her basic payment application and have it checked in advance to see if there are any small errors and the Department gives the farmer three weeks to correct it before the application is lodged in the IT system. The Deputy could go in with the farmer to do that, I am sure, if she wished.

Deputy Carol Nolan: That does not mean it is perfect. The Commissioner is not acknowl-

edging-----

Co-Chairman (Deputy Pat Deering): We are not allowing conversation.

Deputy Carol Nolan: There is an issue.

Mr. Phil Hogan: The Deputy did not know about the preliminary check.

Deputy Carol Nolan: I did know about it. I am very well aware of it.

Co-Chairman (Deputy Pat Deering): I remind members that we are not having conversation here now.

Mr. Phil Hogan: Also we have changed the system recently in respect of giving more support for young farmers. Clearly the Deputy did not know about this.

Deputy Carol Nolan: I am very well aware.

Mr. Phil Hogan: From 25% to 50% of a Pillar 1 payment can be given to farmers as we speak.

Deputy Carol Nolan: I am aware.

Mr. Phil Hogan: But the Deputy did not mention it.

Deputy Carol Nolan: What I said was-----

Co-Chairman (Deputy Pat Deering): Sorry, we must get the Commissioner to conclude.

Deputy Carol Nolan: Can I come in on a point of order?

Co-Chairman (Deputy Pat Deering): If there is a minute left when the Commissioner is finished, I will let you back in.

Deputy Carol Nolan: That is ridiculous.

Mr. Phil Hogan: I am trying to point out to the Deputy-----

Deputy Carol Nolan: I am very well aware of it.

Mr. Phil Hogan: She did not mention it.

Deputy Carol Nolan: The Commissioner acknowledged that this was an issue and that he was trying to deal with it.

Mr. Phil Hogan: Yes and I have done something about it.

Deputy Carol Nolan: And I acknowledged that in my contribution.

Mr. Phil Hogan: The farm apprenticeship scheme is brilliant-----

Deputy Carol Nolan: And I said that.

Mr. Phil Hogan: I do not know, Chairman. We will start again.

Co-Chairman (Deputy Pat Deering): I invite the Commissioner to continue, please.

Mr. Phil Hogan: In response to Deputy Fitzmaurice, we did indicate that a significant amount of money was allocated to help farmers to look at bio-economy opportunities in rural development in the future. In his part of the world, I think this is a great opportunity. Biomass, bioenergy, and there is-----

Deputy Michael Fitzmaurice: What about the vultures?

Mr. Phil Hogan: The vultures are not the responsibility of the European Union or the Common Agricultural Policy.

Deputy Michael Fitzmaurice: I know that. What I am asking is if there is any facility of money.

Mr. Phil Hogan: No. There is no facility whatsoever. It is a member state issue.

Deputy Michael Fitzmaurice: And the dairy industry?

Mr. Phil Hogan: The European Union covers 1% of the total budget, not 99% of it. We cannot solve all the problems of the European Union through the Common Agricultural Policy. Some €400 million has been announced, which will lever €1 billion for co-operatives in order to get involved in the bio-economy. This will create a lot of jobs in rural areas if co-operatives embrace it. We did have a loan facility as well last year at 2.95% over a long period for the first time ever, leveraging the rural development funds. There are ways of doing it.

In response to Deputy Ó Cuív, we are going to continue with Leader. I never had anything against Leader but the participants needed to be more accountable. We are going to ring-fence money in our rural development programme for them, in the same way as we did in the Deputy's time.

Deputy Éamon Ó Cuív: More or less?

Mr. Phil Hogan: I am not going to announce the budget here.

Deputy Éamon Ó Cuív: I thought the Commissioner might.

Mr. Phil Hogan: I like the Deputy a lot but I am not going to do that for him.

In response to Deputy Durkan, it is a sad situation that the UK wants to diverge from rather converge with its neighbouring countries in a relationship on trade and everything else, but that is where we are. It is unbelievable that it is happening, and sad.

In response to Senator John Dolan, there is scope in the rural development programme to include more social inclusion measures if the member state wishes to do so. Particularly now that they have ratified the human rights convention, it is up to them to make the application to modify the rural development programme if they wish to do so.

Senator John Dolan: Has the Commissioner not got responsibilities as well for everyone? I am talking about, give or take, 16% of the EU population plus their families.

Mr. Phil Hogan: I am just telling the Senator how to go about it. I have to be asked. There is a facility there for social inclusion measures-----

Senator John Dolan: Fair enough. I am hearing what the Commissioner is saying. Is there no way that he as a Commissioner can be proactive? In what way is he being proactive on this

issue?

Mr. Phil Hogan: All we can do is facilitate the member state in providing arrangements for implementing policy as we do every week at the Commission. It is up to the member state to avail of them and apply for them.

Senator John Dolan: I am hearing that. The Commissioner is confirming that he cannot be proactive other than that.

Mr. Phil Hogan: We are proactive. We have the social pillar, which the Senator never mentioned. The first time ever-----

Senator John Dolan: The sustainable development goals.

Mr. Phil Hogan: No, hold on. It is not the sustainable development goals; it is the social pillar, which was implemented last year.

Senator John Dolan: That is an opportunity for the Commissioner. The ball is at his toe to mention whatever he thinks is appropriate.

Mr. Phil Hogan: I have told the Senator how to go about it but he has obviously misinterpreted me. I have told him that there is an opportunity, if the member state wishes to apply, to implement what has been agreed in the human rights convention and to implement more social inclusion measures under the rural development programme in line with what he asked. If he regards that as a negative reply, it might be down to my Kilkenny accent. That is it.

Co-Chairman (Deputy Pat Deering): Thank you very much, Commissioner.

Mr. Phil Hogan: As a Tipperary man, the Senator should know how a Kilkenny man interprets.

Co-Chairman (Deputy Pat Deering): Low and hard, I would suggest.

Senator John Dolan: For the record, I had to give the Kilkenny man a second opportunity today to answer the same questions. He was shy in the Seanad.

Co-Chairman (Deputy Pat Deering): Kilkenny lads are normally slow the first time. We know they are not the second time.

Mr. Phil Hogan: At least the Senator got an answer.

Co-Chairman (Deputy Pat Deering): I thank the committee members and apologise for rushing them. We are under a bit of time pressure. I thank the Commissioner for coming before the committee today, the third occasion in the last year and half that he has done so. It is obviously an opportune time with the multi-annual financial framework, MFF, being announced next week. Towards the end of May, the legislative proposals are due regarding the communique announced last November. There is a lot happening in the next weeks and months on which we will be keeping a close eye. We look forward to having the Commissioner back before the committee in the near future to discuss these matters and how they are progressing.

The joint committee adjourned at 3.25 p.m. until 3.30 p.m. on Tuesday, 1 May 2018.