

DÁIL ÉIREANN

AN ROGHCHOISTE UM THALMHAÍOCHT AGUS MUIR

SELECT COMMITTEE ON AGRICULTURE AND THE MARINE

Dé Máirt, 30 Márta 2021

Tuesday, 30 March 2021

Tháinig an Romhchoiste le chéile ag 3.30 p.m.

The Select Committee met at 3.30 p.m.

Comhaltaí a bhí i láthair / Members present:

Teachtaí Dála / Deputies	
Martin Browne,	
Matt Carthy,	
Michael Collins,	
Michael Fitzmaurice,	
Paul Kehoe,	
Charlie McConalogue (Minister for Agriculture, Food and the Marine).	

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

Business of Select Committee

Chairman: No apologies have been received. Unfortunately, the Minister for Agriculture, Food and the Marine, Deputy McConalogue, is delayed at a Cabinet meeting. If members are agreeable, I propose to suspend the meeting for an hour until 4.30 p.m. when the Minister will be available. Are members agreeable to that?

Deputy Michael Fitzmaurice: For an hour?

Chairman: From the update I got from the secretariat, I would say we will be waiting for an hour for the Minister to arrive. There is no point in suspending the meeting for a half hour and then resuming and having to suspend again. Is that okay with Deputy Martin Browne?

Deputy Martin Browne: That is okay with me.

Sitting suspended at 3.33 p.m. and resumed at 4.30 p.m.

Estimates for Public Services 2021

Vote 30 - Agriculture, Food and the Marine (Revised)

Chairman: Apologies have been received from Deputy Leddin. I ask members to turn off mobile phones. They must sit in designated seats in the Dáil Chamber or may join remotely from elsewhere in the parliamentary precincts. I remind members of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against any person outside the Houses or an official by name or in such a way as to make him or her identifiable.

This meeting has been convened to consider the Revised Estimate: Vote 30 - agriculture, food and the marine, which was referred to the select committee by the Dáil on 16 December. I welcome the Minister, Deputy McConalogue, and his officials, Dr. Kevin Smyth, assistant secretary general; Ms Rebecca Chapman, principal officer, finance division; and Mr. Tom Corkery, assistant principal officer. It is a very challenging time for the agriculture, food and marine sectors, not least because of the impact of Covid-19, Brexit and climate action. Today's meeting provides an opportunity to scrutinise the level of funding allocated for 2021 and a valuable opportunity to engage with the Minister.

We will deal with Vote 30 on a programme-by-programme basis. Due to time constraints, the Minister will forgo making the opening statement which has been circulated to members. There are four programmes. We will consider each separately with questions from committee members.

The Department circulated briefing materials on the Revised Estimate to members in advance. I ask the Minister to say a few words.

Deputy Charlie McConalogue: My opening statement addresses many of the issues and outlines the key expenditures for 2021. Members will have had a chance to read it and there will be an opportunity for members to come back with particular questions. We had an 11%

increase in the budget for agriculture, food and the marine, which was very significant in underpinning farm incomes this year. It was important that we managed to ensure that the existing schemes under the outgoing CAP programme were continued in what we have now, a two-year transition period. Coming towards the end of a CAP programme, the schemes tend to be at full tilt in the numbers of farmers participating and the cost of running the schemes. It was significant in being able to continue those schemes. I am grateful for the support of the Minister for Public Expenditure and Reform, Deputy Michael McGrath, for funding that.

We also secured significant additional funding for this year with €79 million for environmental measures. There is €10 million for a new agri-environment pilot. We are engaging with the Commission in seeking approval for that. We are also reopening the farm organics scheme and an European Innovation Partnership, EIP, on farm safety, led by the Minister of State, Deputy Heydon. It is a budget which very much reflects the important role of agriculture, food and the marine to our economy and the very important role that the Government and I, as Minister, see the farmers as having. We are doing everything in our power to underpin farm incomes in the budget. I commend the Revised Estimate and look forward to the engagement with the committee.

Chairman: We will begin with programme A, food safety, animal and plant health and animal welfare.

Deputy Matt Carthy: I thank the Minister for making himself available. It is a very busy day. The committee has had some discussion on the TB eradication scheme. The Minister's opening statement stated there was an increased provision for TB testing this year. However, the detail of the programme suggests that the number of TB tests being undertaken is the same, so there is no additional output being achieved from the additional expenditure. I take it that is because the EU has reduced the level of funding because our eradication programme has not been working in recent years. Will the Minister clarify where he sees this programme going over the next 12 months? The stakeholders forum is in place. Can we get better value for money?

Deputy Charlie McConalogue: I hope that we make significant progress in the year ahead. The Deputy is correct that part of the increased expenditure is due to the reduction in the European allocation towards the TB eradication programme. The increased costs are also due to the additional reactor herds and there are increased costs around that because of compensation. Broadly the number of tests remains similar even though there has been an increase in the number of reactors. We agreed a new TB strategy working with the farm organisations in the last couple of months after much engagement. There are three new working groups, including an implementation working group where all the stakeholders are represented to implement the TB strategy and address the situation where we have seen reactor rates go from 3.5% of all herd to 4.5% in the last 12 months, which is a really worrying trend and one which we must drive in the other direction.

Deputy Matt Carthy: What was the reduction in EU funding this year compared with last year? How much of that shortfall is the Department making up? Will there be additional farmer contributions next year? Is there any discussion at forum level or within the Department to see if the meat industry, for example, would be asked to contribute toward the TB eradication programme, considering that if it is successful, it will be the chief beneficiary?

Deputy Charlie McConalogue: It is a demand-led scheme. We would hope that over the course of the year we would be able to reduce the reactor numbers. The finance group in the

TB forum will certainly assess and monitor the cost as it evolves. Primarily the increased cost has been borne by the Department. It is primarily down to the cost of compensation. I do not have the figure for the reduction in the EU contribution to hand but I will revert to the Deputy. It has, however, increased the cost of the eradication programme from €43.9 million last year to €45.5 million this year.

Deputy Michael Fitzmaurice: On that €8.9 million, my understanding is there will probably be the guts of 500,000 more cattle in the country. I know the difference has to be made up with the EU but one would imagine we would have to pick up another bit there in terms of the percentage for a rainy day fund in case of extra TB problems and compensation.

Why is there a drop in expenditure for policy and strategy when agriculture is at a key road? It is a sector that is in difficulty so one would imagine that policy and strategy would be important in that regard. Is that drop solely related to the Department?

Pay in the Department seems to be gone up 11% and administration non-pay is down 4%. Could the Minister give us a breakdown on that?

Deputy Charlie McConalogue: The figures there are broadly based on the number of animals in the country and the number of tests we project for the year ahead. The significant change in the past year was the change in compensation. We went from 3.5% to 4.5%, so in the initial budget last year that would have been €37 million, whereas at the end of the year it was €43.9 million and this year we have allocated €45.5 million for it.

On administration and pay, the primary change around that is the Brexit costs and the cost of additional staff around Brexit. That is where the bulk of that expenditure comes from. If the Deputy looks across the four programmes A, B, C and D, he will see a similar increase. There is a public expenditure and pay calculation that we follow across those, which balances expenditure out across the four programmes. There is a similar dynamic there as a result of the fact we are seeing an increase across the four programmes but it is primarily down to the increased staffing allocation arising from Brexit. Then there are increases coming from public sector pay increases being applied to existing staff as well.

Chairman: I have a question on wildlife, whether it be deer or badgers, and the surveillance and testing of wildlife for TB. Does that come under the Department's budget or is that under the budget for national parks and wildlife?

Deputy Charlie McConalogue: Wildlife comes under the Department, and the costs associated with the badger vaccinations come within that as well. The 2021 Estimate for badger vaccination is €1.8 million. That is up significantly. Last year it would have been €900,000 so that has doubled for the year ahead and it is covered by the Department's budget.

Chairman: Is there any allocation for post-mortem testing?

Deputy Charlie McConalogue: That would come under the veterinary and regional laboratory Votes. There is no specific allocation for it within the Vote we have but it is a Department expense and it would come within the expenses associated with our veterinary side.

Deputy Martin Browne: The Minister has spoken about increased provision for TB testing. Does he have plans to spread the costs of TB testing to all those engaged in the food production system instead of the disproportionate burden that is falling on farmers themselves?

While the Minister says there is more money to be allocated to TB testing, is he sure that money is being well spent in terms of the eradication of the disease? We have had a number of organisations before the committee and they have told us the programme is not effective in targeting the disease and in the methods being used. Will the Minister give us some information on that?

Deputy Charlie McConalogue: Importantly, we have established a TB forum and, within that, we have three working groups. One of those working groups is focused on finance and there is a lot of work ongoing on a report on the issue of finance and a report on the current cost incurred. I will be informed by the work of that TB forum and by that report.

The significant burden and the largest part of the expenditure is being carried by the Department. As the Deputy can see, over the course of the past year, there has been an increased cost to the Department associated with the programme in terms of compensation because of the reactor numbers. Every farm that has a reactor has a massive implication for those herds and we have seen that increase. Some 1% more farms went down last year than did the year before and that placed a significant burden on them. While there is compensation available from the Department to address that, the best way we can try to address the issue overall is to drive down the numbers and to try to work towards the reduction and elimination of TB.

Ultimately, I want to get back on a course which is about eradication because it has not been going in that direction in the past year. That is why everyone needs to work together, and I value the working engagement and relationship with the farm organisations in particular and their role in the TB forum because we all have to show leadership and work together to drive the strategy forward if we are going to see a reduction in the numbers.

Deputy Martin Browne: Will the cost of eradicating it be spread out over the food production system or will the bigger cost continue to fall on the farmer?

Deputy Charlie McConalogue: The majority of the cost falls on the Department. Farmers also bear a cost for the annual testing of their animals, and for those farmers who suffer reactors, there is a tremendous disruptive cost, despite the compensation that is in place. There is a new TB strategy in place and, as part of that, there is a finance committee on that in one of the three key working groups. That finance group, which includes farmer representatives, has a role in advising how we can get the best impact and return on investment, both in terms of what the Department contributes, in what it costs farmers and in any other opportunities in funding. I will work closely with it on its recommendations, outcomes and considerations in the next period of time.

The other consideration was the fact we have had an ongoing contribution from the European Union towards our eradication scheme costs. However, that has been impacted because there are thresholds for that. We have to show we are delivering progress. Unfortunately, it has been going in the wrong direction in the past while so that has led to a reduction there. That reduction from the EU Commission has been made up by the Department and by public funds.

Deputy Paul Kehoe: I welcome the Minister and his officials. I have a follow-on question on the new strategy. One of the issues I come across regularly is where a young farmer has put a huge investment into his or her herd, stock, restocking and enterprise. We need to look at the compensation provided for any farmer who is locked up with TB. I recently raised this issue with departmental officials. I am glad the working group involves many of the stakeholders. I encourage the Minister and his Department to look at the issue very seriously. Many people

will not go into farming because this is a real fear for them, particularly if they are in a black area for TB.

Deputy Charlie McConalogue: This issue comes up regularly in engagements between the farm organisations and the Department. Obviously, in addition to the immense stress and challenge an outbreak of TB raises for farmers, it also poses real financial difficulty for them. The Department has a significant compensation scheme to support the farmers in covering the loss they experience. Farming organisations regularly make the case that they feel this is not enough. The finance committee of the TB forum will also assess and report on that. I will be informed by the considerations on that.

Overall, the increase in numbers is putting significant pressure on the public purse in addition to the pressure on farmers. Almost €100 million a year is spent between what the farmers spend and what the Department spends, which is a very large amount to spend on something on which there is no productive return. It is about trying to manage a challenge. Ultimately, we need to see progress in reducing the numbers and work towards genuine eradication. We need to focus our money and spend significantly on bringing those numbers down.

Chairman: Are there any more questions on programme A? We move to programme B, farm sector supports and controls.

Deputy Matt Carthy: In his opening statement, the Minister mentioned the 11% increase in the Department budget for 2021, a line he has frequently repeated since the budget was announced. I ask him to give the percentage and absolute number for the increase in payments to farmers.

During his contribution to the debate on the Revised Estimates for 2020, the Minister said that approximately €135 million was to be provided in targeted schemes to support sustainable beef farming. That was the 2020 figure. In his opening statement today, he said he is providing more than €85 million to support sustainable farming. It is the same sentence but with a €50 million difference. I note the beef sustainability schemes have decreased by €50 million and the agri-environmental schemes have increased by about €45 million, which are very close to the same. Has the funding that has been allocated to the agri-environmental schemes just being taken from the beef sustainability schemes or am I misreading those two figures?

I will cover some of the details of programme B. At the beginning of the year the Minister of State, Senator Hackett, lauded the organic farming scheme and said it would deliver 500 new places. According to the figures before us, the Department is targeting 330 additional participants in the organic farming scheme, which comes nowhere near to living up to our obligations, considering the number of farmers who are interested in participating. Is the organic scheme targeting numbers of hectares as opposed to numbers of farmers? One can see where the concerns would arise that people with smaller holdings would be less attractive to the Department.

If it were not so serious, I am sure all members of the committee would have a good chuckle to themselves at the target for the number of hectares of new forestry plantings, which is 8,000 ha, the exact same as it was last year and which was missed dismally. Considering this committee is still hearing evidence from people across the sector saying the problems they are encountering have not been resolved, how optimistic is the Minister of reaching that target this year?

On the sheep welfare scheme, the targeted output has been reduced both in the number of herds participating and the number of ewes paid for under the scheme. Why does the Depart-

ment envisage a reduction in participants in that scheme?

The committee has had considerable debate on the horse and greyhound funding scheme. When we last spoke about it, the Minister told me approximately 60% of Exchequer funding goes towards prize money. Whatever way the accounting is done, it works out within 1% annually. Whatever the Exchequer gives is what is paid out in prize money. We received confirmation from Horse Racing Ireland that of the €66 million in prize money in 2019, about €385 million was paid to breeders, on whom we depend to sustain the sector. Considering the amount of debate, has the Minister evaluated whether the substantial level of Exchequer funding to that sector is being best utilised to reinvigorate the sector and to ensure the communities dependent on the rural economy are getting the most benefit from the substantial level of funding?

Deputy Charlie McConalogue: The significant difference in the payments in the beef budget relates to the one-off €50 million beef finish repayment in the middle of last year, which had not been accounted for in the budget the previous year. The difference between the €135 million in the final 2020 Estimate and the 2021 Estimate amounts to that €50 million.

Deputy Matt Carthy: Just to clarify, was that 50% co-funded?

Deputy Charlie McConalogue: No, that was entirely Exchequer funded. The previous beef emergency aid scheme was co-funded between the Department and the European Union.

The Deputy asked about the reduced numbers in the sheep welfare scheme. I extended that scheme and it is very much down to the numbers applying and participating in it. It is as open as it was previously. I am trying to choose a reference year that will maximise the number of sheep that can participate in it, to give herdowners the option within the reference year to try to maximise the return for their flocks.

Obviously, there is ongoing engagement between the Department and Horse Racing Ireland over the course of the year, particularly in the run-up to budget time. As with any organisation in any sector, Horse Racing Ireland will have to make a robust case in respect of value for money and how it benefits the sector, farmers, owners and those who breed across all types. In particular, HRI will have to demonstrate how it impacts on those who are smaller within each sector. That is looked at in detail and is subject to ongoing review. I am open to ideas and suggestions from Deputies in respect of the structure and I have no doubt HRI would be too. HRI is the stewardship body for the sector and is made up of a board of representatives representing different stakeholders within the sector.

Deputy Matt Carthy: I asked about forestry and the level of increase in payments.

Deputy Charlie McConalogue: We have discussed this on many occasions. There have been significant challenges in respect of the forestry programme, especially around the issuing of licences from the Department. This emanated from a change in the level of ecological input required in licences compared with before. This led to a significant logjam last year. It became acute at the end of the year and is still acute although it is being addressed bit by bit. We introduced emergency legislation at the end of the year. All Deputies co-operated to facilitate this move to try to streamline the system and deal with the significant backlog before the forestry appeals committee. We provided for the division of the forestry appeals committee into several subcommittees as opposed to having to meet in plenary. That has resulted in significant progress on the appeals side. The forestry appeals committee is now on course to have the backlog dealt with and cleared by June this year. There is significant progress there. We have also seen

a significant drop-off in the number of appeals coming in following streamlining of the process. There has been a significant increase in staffing. We have gone from a situation where there was one ecologist to now having 20 full-time equivalents.

There has been also a significant initiative by the Minister of State at the Department of Agriculture, Food and the Marine, Senator Hackett, in the past three or four weeks ago in respect of project woodland. This has involved putting in place new work streams to try to streamline how the administration of licences is managed within the Department. There are significant challenges. The Minister of State, Senator Hackett, and I are working in every way we can to try to make progress. We want to see the number of licences increased over the course of this year and we are working hard to ensure that happens. The target is to see 4,500 licences issued by the end of the year. We are determined that this will be the case. We will continue to work closely to try to improve what has been a difficult situation. It has led to immense challenges for the sector, especially for those working in the sector, including those in sawmills and contractors and foresters. We want to resolve and address this. We will keep pushing this in every way we can to try to resolve the situation facing us.

The programme for Government target is to achieve 8,000 ha per annum. There is no doubt that will be a significant challenge this year. Last year's effort came nowhere near close to it. Yet, it is the objective. We are looking to set up a structure within the Department in terms of licences and supports in place to try to encourage greater afforestation. It has been a challenging story during the past year and we are still trying to work out and address it. I am very much aware it has caused immense strain and difficulty for those working in the sector. It is not acceptable and has to be sorted out.

Deputy Michael Collins: Let us consider the average income for the schemes when they first started in 1992. Under the rural environment protection scheme, the average income was €5,000. By this measure in today's terms the average should be between €10,000 and €15,000 but that is not the case. Farmers are highly dependent on the environmental schemes and whatever schemes come their way. They are happy to work with the rules and regulations that must be adhered to. Is there a possibility that schemes can be raised considerably?

What about the climate action Bill that has been brought before the Dáil? If it is agreed to by the Government and the Dáil, it will bring major falls in the numbers of dairy cattle, cows and animals in the suckler herd. That will have serious consequences. Farmers will fall back on these schemes and will be more dependent on them.

I wish to comment on the environmental organic scheme. A budget was set aside last year or the year before. Many farmers did training for it. They did everything they could but could not get into the scheme. We are talking about providing plenty of money to have farmers on an organic scheme. Yet, at the end of the day, even though they ticked all the boxes and did everything they could, they could not get on it. I was talking to farmers who travelled the country to do courses over weekends so that they could qualify but they never qualified afterwards. Most were left outside the scheme.

It is great to be able to come back and say there is plenty of money left in the budget because farmers did not take it up. However, they cannot take it up if they are not allowed to qualify. Are the qualification criteria the same? Is there some easing of the qualification criteria whereby genuine organic farmers who want to join the scheme could at least be allowed avoid a situation where an announcement of 500 might result in only 200 taking up the scheme?

I would appreciate if we could focus in on the environmental schemes and the schemes coming forward. At the least they should compensate farmers correctly, something they have not been doing down through the years. We have seen only a small percentage of increases. Farmers who were getting €5,000 ten or 15 years ago are getting very little ten or 15 years later.

Deputy Charlie McConalogue: The environmental schemes are important anchor schemes within Pillar 2. They have had a good success rate in terms of farmers being willing to participate in them. They have returned a good deal for the rural countryside and the environment. They have been significant in respect of the income they have generated and provided for farm families. They started off with the REPS and we then moved on to the agri-environment options scheme and, more recently, the green low-carbon agri-environment scheme. The average payments under REPS 1, 2, 3 and 4, were €4,200, €4,700, €6,300 and €5,700, respectively. The average payments for AEOS 1, 2 and 3, were €3,800, €3,300 and €3,300, respectively. Under GLAS the average payment is €4,500.

The key commitment in the programme for Government is to deliver a new flagship agri-environment scheme in the next Common Agricultural policy, CAP, that will help deliver incomes significantly for farmers and deliver outcomes to contribute to environmental measures and emissions objectives as well. In advance of the new CAP kicking off in January 2023 and as part of this year's Estimate, the plan is to deliver a pilot agri-environment scheme. We are currently engaged with the European Commission to get approval for that. The objective of the scheme is that it would be paid based on a measure of 10 ha of land. My objective is to try to ensure all farmers, large or small, have a full opportunity to engage in the scheme and to benefit to the fullest extent in terms of payments under that scheme. A farmer with 10 ha will have the same opportunity to earn an income through the scheme as a farmer with 100 acres. The estimate is that the average payment under that scheme would be in and around €4,700, with the potential for a payment coming in at just under €7,000.

It is a pilot results-based scheme. It is very much subject to getting approval from the European Commission. We cannot actually run new schemes as such. We can run pilot schemes in a transition period. This is a pilot and comes with those constraints. We will be using the learnings from this results-based pilot to inform how we structure the next flagship agri-environment scheme to replace GLAS AEOS and, before those, REPS. I will be engaging with farm organisations and farmers regarding that new flagship environmental scheme, its structure and how we can ensure it can best achieve policy objectives while, importantly, also being user-friendly and delivering on farm incomes.

Deputy Michael Fitzmaurice: Looking at these figures, am I correct in understanding that 6,629 fewer farmers will be partaking in environmental schemes this year? Some 330 more farmers will be involved with organic schemes. Farmers are going to be losing €10 million though from the European fund or single farm payment, which is not the Minister's fault. Under the knowledge transfer heading, farmers will have about €4.5 million less in their pockets, while there will be €1.5 million less in their pockets under the sheep welfare scheme. The forestry programme must be dealt with clearly. We had said we were going to plant 8,000 ha last year. What happened to those moneys? We had budgeted for putting in the plants, and farmers get a percentage of that figure, as well the moneys participants get each year. What happened to that money? When we look at the figures for this year, there is not a hope in hell of hitting 8,000 ha because the area is in chaos again.

According to the figures I am looking at, therefore, if we add up all the millions of euro farmers are going to be down, it will be about €70 million in total. To put it simply, that money

is coming out of their pockets. When we look at the figures, where is that money going to be allocated to put it back into farmers' pockets this year? Am I correct in saying approximately 6,600 fewer people will be participating in environmental schemes this year? Am I also correct in saying the knowledge transfer scheme has decreased from approximately €5 million to circa €500,000, or something like that, off the top of my head? The Minister is not at fault for this aspect, but will €10 million less be coming out of Brussels as well? Am I also correct in stating that last year we did not even reach half the budget allocated for forestry? According to the figures I am looking at, this year is going to be the same.

I need one other issue clarified. A figure of €23,000 or thereabouts is down for carbon tax or something. What is that about? How many farmers will be going into this pilot thing which the Minister has been going on about? My understanding on the organic scheme is it encompasses the dairy and tillage sectors. Beef farmers do not seem to be scoring that high in this area. When I talk about farmers being down on money in their pockets, am I correct in saying there are big drops in funding in schemes associated with knowledge transfer and sheep welfare? The figures we have show there is a drop in the single farm payment or basic payment scheme, BPS, whatever we want to call it. Some 6,600 fewer farmers are now in the environmental scheme as well, which represents a great deal of money on average. When we asked the Minister what the average payment was on GLAS, he told us it was approximately €4,200.

We can go through figures all day and look them up and down and inside out, but overall there is less money in farmers' pockets. Another scheme, for example, and I think it is beef genomics, is down 37%. It could be the beef exceptional aid measure, BEAM, scheme, I am not sure, but the Minister mentioned something about that aspect earlier. Where are we going to make up the decreases to ensure these farmers are going to get money into their pockets? While the figures could be looking lovely in an overall context, it is the amount of money in farmers' pockets which is important. There is extra spending under wages in this Vote and that is understandable. There is also extra spending under the headings of Brexit and X, Y and Z and that is understandable too. No one is debating that at all. What I am looking at, though, is the deficit in farmers' pockets. Compared with last year, will the Minister tell me where that shortfall in the money going into farmers' pockets is going to be made up this year?

Deputy Charlie McConalogue: I thank Deputy Fitzmaurice for those questions. Regarding GLAS, as the Deputy is aware, I provided for that scheme to be continued this year during the transition period. It had been at full participation levels up to this point. Some farmers decided not to extend their participation in the scheme by one year, so that accounts for the drop-off in participation levels.

Deputy Michael Fitzmaurice: That accounts for the approximately 6,000 fewer farmers.

Deputy Charlie McConalogue: Yes, that explains the approximately 6,000 fewer farmers in this category.

Deputy Michael Fitzmaurice: That is fine.

Deputy Charlie McConalogue: Those 6,000 farmers chose not to renew their participation in the scheme for this year.

Deputy Michael Fitzmaurice: They will have less money in their pockets.

Deputy Charlie McConalogue: Obviously, the opportunity was there for them to take part. I worked to ensure the way in which GLAS was extended was as practical and free of

hassle as possible to allow farmers to continue to be able to participate and to undertake actions as part of the scheme instead of it being an additional burden on them. Having said that, however, about 6,000 farmers-----

Deputy Michael Fitzmaurice: More than 6,000.

Deputy Charlie McConalogue: -----decided to not continue participating in GLAS for an extra year. Turning to the knowledge transfer scheme, the Deputy is right. It is tapering off coming out of the outgoing CAP. Programmes that were running had come to the end of their timeframe. In the previous year, there was €5 million in the area of knowledge transfer. Closing out those schemes this year will see that figure come down to €500,000.

However, there is new funding in regard to the knowledge transfer scheme, especially from the perspective of farm safety. The Minister of State, Deputy Heydon, is overseeing that area this year. All the schemes were continued into this year and an extra €79 million in new funding in the budget is going towards several schemes in the environmental space. Examples of the measures included in that funding this year are the pilot agri-environmental scheme, the reopening of the European Innovation Partnerships, EIP, project in farm safety, the organic scheme and the straw incorporation scheme. It is important to state as well the TAMS scheme is being fully continued as part of Pillar 2.

Regarding the opportunity to ensure farm incomes can be underpinned and protected, as I have said before, schemes tend to have their fullest membership and greatest expense at the end of a CAP cycle. Previously, we saw that schemes were discontinued for a time while a new CAP cycle was starting and that resulted in farmers missing out on significant payments during the time while they came out of one scheme and were waiting for the next one to start. We are not seeing that happen now. It took significant funding to ensure that would be the case, albeit not everyone has availed of the opportunity to continue their involvement with GLAS for another year.

Deputy Michael Fitzmaurice: I think clarification is needed here. It is unfair to say farmers basically did not bother themselves to avail of the opportunity with GLAS. The reality under the scheme for those leasing a farm is it would be necessary for the lease to last for five and a half years, or six years to be comfortable. If such a lease was coming to an end and the land concerned included one of the main projects for qualification for GLAS, the Department made provision for such land not being available again. The result, though, was some of the payments in situations like that fell to about €1,500. It was not worth filling out the GLAS application and that is why we have lost approximately 6,000 farmers in the scheme. That means there is less money in the economy. The knowledge transfer scheme is gone.

Will the Minister examine the forestry situation? I am not even going to talk about the Minister of State with responsibility for forestry. This is a situation where we are going to ask farmers to chop straw and plough it into the ground. Even if we look at Europe's targets on organic schemes, the first requirement in that area is to be 50:50. If a farmer has slats, then it is necessary to have straw bedding behind. We are then going to tell everyone to chop the straw and drive it into the ground. Let us think for a minute about what we are doing. The reality is that many millions of euros will not be in farmers' pockets for one reason or another. We must also look at the beef environmental efficiency programme-suckler, BEEP-S, which is €10 million down. That is €10 million less in this country.

One aspect the Minister did not address was forestry. Where did last year's money go from

the amount that was allocated last year? Does he agree that we will not even come near our targets this year? He spoke about how we brought in legislation. Everyone here supported it and would do so any day of the week. The Minister should have a look at the figures that come out on the dashboard every week. They are absolutely horrendous. The forestry sector is getting worse. It would pay for Ministers to be good to, and talk to, the industry at the moment. We are, again, in a few weeks of crisis. The same thing keeps coming out with people saying they are sorting it and they got this and that done. I am not just targeting the Minister. I know a junior Minister is also supposed to be resolving the issue. It is in chaos, however. Where are we going? We are putting in and looking at figures everyone knows. We are not opposing the Minister. The bottom line is that these are dream figures, however. We have a big amount down for forestry this year that will go back to the Exchequer. Where else is it going to go? It will not be doing the work. That money will not be in farmers' pockets because the Minister's Department is not functioning, to put it bluntly.

One should look at the different schemes in terms of the ways in which they are set up, and the GLAS, especially. I know several farmers who could not get the land for the next five years. What brought them into it was fencing along rivers or wild bird cover or whatever else; I believe the fancy term used was "priority access". When they did not get that land, they were brought down to a smaller area and it was not worth their while. If a person has 4.2 acres, on average, and he or she loses 50% of that, he or she would be wasting their time. The Department needs to look at how we get money into farmers' pockets. I do not care how we go about it. With the best will in the world from the Minister, if one adds forestry, the environmental scheme and all the different schemes along with the €10 billion put down in Europe, farmers will be down €100 million. That is not good. That is money that would be spent in communities around the country.

Deputy Charlie McConalogue: I thank the Deputy. My objective as Minister is to support farmers and farming incomes in every way I can. I am constrained in how I can do that in a transition period between one CAP programme and another. I maximise every opportunity available to me to try to ensure that every opportunity is provided to farmers to continue to have their income maintained, hence the continuation of the schemes that were in place, whether that be GLAS, the beef data and genomics programme, money for BEEP-S, areas of natural constraints, obviously, and the sheep welfare scheme. Alongside that is additional new funding for measures such as the new agri-environment results-based pilot scheme.

To touch on the issue of forestry, over the past two or three years, we have seen a carry-over of capital expenditure in forestry into the subsequent year. One can carry over capital from one year to the next. The vast majority of forestry funding goes on recurrent expenditure for forestry grants. There is also afforestation grant aid. As a result of the targets not being met in recent times, there has been an underspend in that regard. Last year, for example, €13.7 million was carried forward and continued into this year's budget.

The Deputy's point that the licensing situation must be sorted out and addressed is absolutely spot on. Both myself and the Minister of State, Senator Hackett, agree with that fully. We are doing all we can to try to address what was undoubtedly a crisis situation at the end of last year, and continues to be such. We are making every effort to resolve this.

As I said, there have been significant interventions regarding the emergency legislation last October with regard to the project woodlands. That is a representation of the massive effort and steps taken by the Minister of State to try to streamline the licensing process and get the numbers up, because they must come up. The backlog and delays we have seen are simply not

acceptable. It is something about which the Department is very much aware and we are doing all we can to try to address the issue. The Minister of State and I are very much aware of the stress and impact that is having on the sector, and also the fact that it has made the achievement of our aims of new afforestation simply not possible unless we address the current licensing situation and the problem that exists.

Deputy Paul Kehoe: I have a couple of quick questions. I will follow on from Deputy Fitzmaurice on the forestry issue. Many people out there are really frustrated at present. I have been contacted by quite a few people over the last number of weeks about how timber from the sawmills has gone out of control, specifically with the manufacturer. That would be timber for houses, timber products or whatever. This is a real issue on which an awful lot more can be done. Those people are all blaming the Department of Agriculture, Food and the Marine on felling licences and planting and everything like that, even the nurseries. It is everybody. This is a real challenge. I encourage the Minister to go back to his officials and do whatever can be done.

On the issue of the flagship rural development scheme, I met with the IFA and other farming organisations over the recent period. This is a meaningful scheme in which there are real returns and benefits for farmers. That is if we do not have a repeat of some of the outgoing schemes, where people pull out and leave after a while because they do not get the financial benefits. If one goes back to the blueprint of the old rural environment protection scheme that was probably one of the most successful environmental schemes.

I understand the Horse and Greyhound Fund was raised but that is under programme C so I will leave it until then. I previously raised the knowledge transfer scheme with the Minister, which I know is no longer there, and similarly, the early retirement scheme. What is there to replace the knowledge transfer scheme? Does the Minister have any plans to reintroduce an early retirement scheme?

Deputy Charlie McConalogue: I thank the Deputy. First, I refer him to my earlier comments on forestry. I totally agree with him on the fact there is a massive challenge here and much of it lies at the Department's door with regard to the delay in licensing. There were reasons and backgrounds for that in terms of the change in legislation and the court decision which very much changed the level of input, particularly the ecological input, required to process a licence. As a result, that led to a backlog, which built up over the course of last year and certainly reached crisis proportions. There was a crisis response to the emergency legislation and also significant effort regarding the new project woodlands and putting in place specific work streams to try to address that. This work is still under way and has to continue; we must get it sorted. We are very much aware of that. We are simply not in an acceptable position at the moment and everybody is making a massive effort to try to address it. That does not take away from the impact it has had on the sector. I certainly assure the Deputy that we are doing all we can in that regard. I have taken steps and we will continue to do all we can to increase output. Ultimately, the bottom line is that we have to increase the licence output in terms of felling, afforestation and road openings in order that farmers who apply get them in a reasonable timeframe. They need to have confidence that whenever they apply, there will be a reasonable process in place to deal with their application. We certainly acknowledge that the position that has pertained has been damaging to that confidence and we need to address it.

I am very committed to ensuring the environmental scheme will be worthwhile and beneficial to farmers, as I outlined in my initial remarks. We are looking at a payment rate on 10 ha and it is the proposal we have put to Europe. The average payment rate would be approximately

€4,700 on that, calculated on the basis of income forgone or expenditure accrued. There will be expenses because it is results-based and there is a charge to engage an agricultural consultant but we would still be talking about €4,700 to begin with over 10 ha. One of the key measures we have proposed to the Commission for consideration is the option of low-input permanent pasture for those 10 ha. That would be the anchor option.

Given that this is a pilot, the participation rates will be very much limited by what we can agree with Brussels, given the restraints of the transition period of the Common Agricultural Policy and only pilot schemes being allowed. For farmers, if the payment is €4,500 over 10 ha, there is a €260 average basic payment rate and under an areas of natural constraints scheme they could have €148 per ha, meaning the potential payment is more than €800 per ha before putting a sheep or a lamb or cow or calf on that land. That would be quite attractive and a good start for farmers and their families. I was particularly keen to ensure that all farmers, even those with 10 ha, could participate fully. Every farmer has the opportunity to make a significant contribution with measures relating to biodiversity and the environment. We must provide them with the opportunity to do that.

Deputy Martin Browne: The Minister can hear the frustration when other speakers have mentioned forestry and the time that we, as a committee, put into it. The position just does not seem to be improving. There will be €103 million put into forestry this year and we are told it is €18 million more than last year. Is that a carry-over from last year, as Deputy Fitzmaurice suggested? How will the money be spent?

This is referred to in the Revised Estimate as for forestry and bioenergy but how much is going into the forest service and supports that our foresters need? How much is going to the ash dieback scheme and how much is going elsewhere? Will the Minister break down those figures?

Deputy Charlie McConalogue: I do not have those specific figures but I will get back to the Deputy on how much is going to grants and afforestation. The significant majority of the funding goes to recurrent annual premiums, as opposed to the one-off afforestation grant that is a smaller part of the overall annual budget. In the past couple of years we have seen a carry-over from the forestry budget in the form of capital into the following year's overall envelope.

It is certainly our objective to do all we can to increase licence numbers this year and ensure there is as much afforestation as possible. We could probably all agree it is unlikely we will reach the 8,000 ha mark this year but we want to make very significant progress based on the very poor outturn last year and work towards the target. If it becomes clear later in the year that the full amount will not be used, we will look at where we are then. At this point, our focus and objective is to drive on with Project Woodland working streams and address the very acute questions around the issuing of licences.

Chairman: On behalf of the select committee I thank the Minister and his officials for assisting us in considering the Revised Estimate. As the consideration of the Revised Estimate has not concluded, the select committee will resume consideration of Vote 30 at a future date. We must make room for the next committee.

The select committee adjourned at 5.30 p.m. sine die.