

# DÁIL ÉIREANN

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## AN ROGHCHOISTE UM THALMHAÍOCHT, BIA AGUS MUIR

## SELECT COMMITTEE ON AGRICULTURE, FOOD AND THE MARINE

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*Dé Máirt, 10 Nollaig 2019*

*Tuesday, 10 December 2019*

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The Select Committee met at 4 p.m.

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Comhaltaí a bhí i láthair / Members present:

Jackie Cahill,	
Marcella Corcoran Kennedy,	
Michael Creed (Minister for Agriculture, Food and the Marine),	
Charlie McConalogue,	
Willie Penrose,	
Thomas Pringle,	
Brian Stanley.	

I láthair / In attendance: Deputy Danny Healy-Rae.

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

## Estimates for Public Services 2019

### Vote 30 - Agriculture, Food and the Marine (Supplementary)

**Chairman:** I remind members and witnesses to make sure their mobile phones are turned off completely as they interfere with the broadcasting system. The meeting has been convened to consider the Supplementary Estimate for 2018, Vote 30 - Agriculture, Food and the Marine, which was referred to the committee by the Dáil on 21 November with an instruction to report back to the Dáil not later than 12 December. On behalf of the committee, I welcome the Minister for Agriculture, Food and the Marine, Deputy Michael Creed, who will speak about the Supplementary Estimate. I also welcome officials from the Department of Agriculture, Food and the Marine and thank them for the briefing before today's meeting.

The Minister will make a brief opening statement after which the main spokespersons may make a contribution. We can then consider individually the five subheads that make up the Supplementary Estimate, which will be followed by brief closing remarks. Is that agreed? Agreed.

I remind members that, in accordance with Standing Orders, discussions should be confined to the items constituted in the Supplementary Estimates only. Members are also 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. I invite the Minister to make his opening statement.

**Minister for Agriculture, Food and the Marine (Deputy Michael Creed):** I appreciate the opportunity to present this request for a Supplementary Estimate for 2019. I am seeking the committee's approval for additional funds to contribute to the national funding element for the beef exceptional aid measure; approval to use savings on the Department's Vote to allow for extra expenditure for the green low-carbon agri-environment scheme, GLAS, and the targeted agricultural modernisation scheme, TAMS; to provide for an early payment to the World Food Programme; and for the addition of funding to my Department's administrative budget for its share of the substantial expenditures undertaken on border control posts in the past year in preparation for Brexit. Taken together the additional funding allocations for subheads total some €82 million, which we propose to be funded by €19.4 million of additional voted funding, €22 million in savings across other subheads and €41 million in additional appropriations-in-aid. As these proposed transfers and expenditure involve significant changes to the original 2019 voted allocations, it is important to seek the committee's input and approval.

The various additional costs and the areas where savings have emerged reflect the dynamic uncertain environment in which the sector and Department have operated this year, most of which has been related either directly or indirectly to Brexit or, more particularly, the threat of Brexit. It was certainly not a business as usual year, but we have also done our usual business. It is a measure of the scale of the challenge that we have spent substantial public funds on new infrastructure, staff, IT systems and schemes to support our farmers in this difficult period. By the same token, the additional funds we are seeking for TAMS points to our farmers' resilience

and deep commitment, and their readiness to invest in their own enterprises in the knowledge that improved safety and efficiency is vital in the more competitive environment we face, regardless of how Brexit plays out.

I will now outline proposed savings, starting with the payroll saving of €2 million. To date in 2019, a total of 426 people have joined or rejoined the Department and 215 have retired or moved to other employment. Despite this substantial increase in staff, there is a slight saving on the payroll - about 1% of the allocation - because a substantial part of it was in the last third of the year and was due to an intense focus on recruitment and organisation in preparation for Brexit activities. Savings of €2.5 million in the food safety, animal and plant health, and animal welfare areas reflects reasonably benign conditions in some areas. More specifically, the prudent provision funding on control of horses and measures for diseases other than tuberculosis, TB, will not be fully used. Also, the drawdown of funds set aside for the farmer payments for sheep electronic identification has been lower than provided.

In the other scheme subhead, there are total savings of €1 million available for redistribution because the provision set aside for the residual payments under the 2018 fodder schemes was not fully required. In the development and promotion of agriculture and food subhead there are savings of €4 million on the capital side and €2.9 million on the current side. An underspend arose as spend on lean reviews by food companies was substantially lower than projected and there was a very low demand for the capital investment incentive scheme. The specialist artisan food producer scheme had substantial numbers of approvals issued but a small portion of these have reached payment stage. There is a capital saving of €3 million within the Teagasc allocation where the provision for the national food innovation hub will be underused due to the delayed start to construction works, which has reduced capital drawdown.

In the other services subhead, a saving of €1.6 million has arisen mainly due to savings in our legal provisions. In the research, quality and certification subhead there will be a saving of €2.9 million. The 2019 provision was primarily required to meet funding commitments arising from expenditure incurred in previously awarded projects and for new commitments under the 2019 call that was launched in March but which had a lower than anticipated participation level.

There are savings of €1.6 million available in the fisheries subhead due mainly to timing of payments to be made in respect of multi-year projects under way in the European Maritime and Fisheries Fund, EMFF, marine biodiversity scheme and the blue growth and marine spatial planning scheme. There is also a saving of €500,000 available from the Marine Institute's superannuation allocation.

Taken together, these €22 million in savings described are to be combined with additional gross provisions of just over €60 million to provide €32 million for farm schemes, €30 million for Brexit infrastructure and €20 million for the World Food Programme. I will describe these briefly. The €32 million extra to be provided for farm schemes would be distributed to the agri-environment schemes subhead for GLAS, the Department's subhead for TAMS and the beef sustainability schemes subhead for the beef exceptional aid measure, BEAM.

The BEAM was introduced to provide temporary exceptional adjustment aid to farmers in the beef sector in Ireland and is subject to the conditions set out in European Commission implementing regulation. The BEAM is funded by a combination of EU aid and Exchequer support and is provided in light of the difficult circumstances that Irish beef farmers have been facing as a result of market volatility and uncertainty. The scheme was designed to target aid to those who had been most impacted by the market disturbance for which it was requested. The

final prepayment checks are still in progress but we envisage that up to €78 million will be paid, of which €28 million will be an Exchequer cost, and a very small part will fall into next year. I am seeking €18 million in additional funds and this will be complemented by other savings, mostly by €8 million from the other schemes within the beef sustainability scheme subhead, namely, the beef data and genomics programme, BDGP, and the beef environmental efficiency pilot, BEEP. While the BEEP participation levels were slightly lower than we had provided for, at 13,289 participants, it has had a very successful pilot year, which we intend to build on for next year.

The 2019 budgetary allocations for current expenditure under the agri-environment schemes amount to €228.25 million. The expenditure projections were based on paying schemes at the 75% advance rate set out in the EU regulatory framework. Owing to the difficult circumstances experienced by farmers, I made a request to the European Commission for approval for Ireland to pay a higher advance payment of 85% for Pillar 2 rural development schemes, which is allowed under EU regulations in exceptional circumstances. Accordingly, I am also requesting the committee's approval for funding of a further €7 million to ensure sufficient funding is available to pay a higher advance payment of 85% funding to all farmers who establish their eligibility under these schemes. At this point, we have already paid 43,000 participants their advance payment. This is the highest number of GLAS participants and the additional funding we seek will bring the number paid by the year end to about 45,200 participants, who we would envisage being eligible at year end.

On the capital side, I am heartened that despite all the challenges and uncertainties faced by the sector, participation in TAMS continues to grow and I am seek to allocate it an additional €7 million to allow for the continuation of payments of claims over the next few weeks because the €70 million funding for 2019 is now exhausted.

Apart from these farmer schemes, there is a need for substantial extra funding for the non-pay administration part of programme A. This is for border control posts, which arise in the context of Brexit. It reflects the requirement to have property and infrastructure to facilitate and support the movement of legitimate trade and carry out necessary sanitary and phytosanitary, SPS, checks at ports on the basis of a disorderly withdrawal from the European Union by the United Kingdom. My Department is the lead tenant in most parts of the Dublin Port and Rosslare sites and has been assigned the largest proportion of the considerable costs involved, amounting to some €28.1 million in capital and €2.3 million in current expenditure. This is largely undertaken on our behalf by the Office of Public Works, OPW.

The other very important item is the additional €20 million allocation for the World Food Programme, which will allow for the earliest payment of next year's commitment under Ireland's strategic partnership agreement with the programme. This earlier disbursement is at the request of the World Food Programme's executive director who has written to inform me that this funding will significantly contribute to enhance the programme's capability to plan its interventions and better address needs around the world.

My Department's appropriations-in-aid are set to be substantially greater in 2019 than provided for in the 2019 Revised Estimates Volume. We are seeking to offset some of our additional requests for funding against the €41 million of these extra receipts. These payments are from the European Commission and are the EU funding component for our co-funded rural development programme schemes. These are paid in arrears by the Commission, usually on a quarterly basis. The additional receipts reflect an underestimation of receipts in respect of advance payments made under the areas of natural constraint, ANC, in September. As this was

not in our budgeted amount for the year, our 2019 receipts will be greater than planned.

This is a necessary, far-reaching and substantive Supplementary Estimate, which I earnestly recommend to the committee for support. I will be pleased to respond to any questions members may have.

**Chairman:** I thank the Minister. Do members wish to make a brief statement or would they prefer to go straight into the subheads?

**Deputy Thomas Pringle:** I would like to make a brief statement.

**Chairman:** We will hear from the spokespersons, Deputies McConalogue, Penrose, Stanley and Pringle, in that order.

**Deputy Charlie McConalogue:** In recent years, there have been significant underspends in the Department's accounts when they were published at the end of the year. That has been a constant during the Minister's stewardship of the Department. The underspend varies from €30 million or €40 million to over €100 million. It is now December and the Minister is coming forward with Supplementary Estimates. What will happen when those figures are published some time in 2020? Will there be another underspend across the overall Department Vote?

I wish to raise a few different matters. The BEAM scheme, which was co-funded by the Department and the European Commission, only covered the period from September last year to May of this year. Only half of the Department's national Exchequer contribution to that scheme was used up due to an underspend. There was a particular underspend in the suckler sector as opposed to the fattening sector. The Minister presented a rationale to the European Commission, which it accepted, that the BEAM scheme needed to cover the period from September until May because of the very high losses incurred by farmers during that time. Given that losses post May were even higher, and given that only half the national Exchequer allocation was used, the Minister has no defence for not returning to Europe to seek an additional scheme to support the beef sector due to the traumatic year it has had income-wise. That needs to be addressed. The Minister should be reallocating some funding in order to get an extension to that BEAM scheme, flawed as it was, at European level.

I refer to the rural development programmes. Could the Minister give us a synopsis of where he is at regarding the likely spends across the various schemes, as well as the outlined overall commitment to those schemes? We are behind the curve on a number of them, including the green low-carbon agri-environment scheme, GLAS, the beef data genomics programme and the organic farming scheme, which had a significant number of applicants, the majority of whom were refused again. There was an underspend of €8 million in the organic farming scheme. Given that a transitional period will be in place post 2020, and given that we need to continue many of our Pillar 2 schemes, I ask the Minister to address the matter of farmers coming out of the agri-environment options scheme, AEOS, who are blocked from GLAS as it is not accepting new applicants. As a result, a significant number of farmers cannot currently apply for any environmental schemes. That is a very poor harbinger for what might happen in 2021, as we are not facilitating those farmers entering an environmental scheme at the moment. I would not want that to become the form in 2021, when many farmers in GLAS 1 will have received their final payment.

**Deputy Brian Stanley:** The Minister referred to €22 million in savings, which are to be combined with additional gross provisions of just over €60 million to provide €32 million for

farm schemes and €30 million for Brexit infrastructure. The Minister mentioned border posts, which I take to refer to the ports of Rosslare and Dublin. What about other ports? What are the implications for that €30 million the Minister is seeking? Will there be implications for border infrastructure along the land border as well?

I was surprised about the savings made from the control of horses, because there is a huge problem with the control of horses in this State. There was a saving of €2.5 million due to lower demand for the control of horses, electronic sheep identification and measures relating to other diseases. I do not know about the sheep electronic identification but the Minister might outline the current situation regarding the control of horses, because there is some confusion, particularly at local authority level, about microchipping, what powers they have, and so on. I do not expect the Minister to go into it because these are Estimates, but he might give us an overview. Horse welfare is a huge problem, as are stray horses. It has been a huge problem in recent years, though I can only speak for my own constituency. I still encounter problems with horse control, horse welfare and horses having to be impounded.

Provision for the targeted agricultural modernisation scheme, TAMS, has gone up by 8.9%, which people have welcomed. I wanted to ask the Minister about the issue of microgeneration, which I have been pushing for a long time. Is there provision in TAMS this year, or will there be in the coming year, to get farmers involved in microgeneration, such as solar, small-scale biogas, or wind power?

The organic farming scheme has been oversubscribed and there has been much lobbying around it. We have to get a higher return from our food, and 90% of our vegetables are imported. Some of that cannot be avoided due to our wet climate, but some of it can be. How can we reopen the organic farming scheme and put in extra funding for it? The Minister does not appear to be seeking additional funding for it in his supplementary budget.

**Deputy Willie Penrose:** Like Deputy Stanley, I am shocked about the funding for the control of horses, and I would be interested to hear what Deputy Cahill has to say on this matter. The Department has let down the local authorities. It has been an absolute disgrace. It is very hard to get a meeting with the Department, for a start. Paddy Mahon and others who have been before this committee have been let down by the Department. I was a member of a local authority when the Control of Horses Act came in, and the Minister's predecessors threw it down to the local authorities and told them to get on with the show with no resources. It happened. I was there. I am sure the Minister was there as well, as he has been knocking around for a long time. He does not suffer from amnesia; he is very sharp. I do not suffer from it either.

**Deputy Michael Creed:** Selective amnesia, maybe.

**Deputy Willie Penrose:** I hope not in this case. We are shocked. The Chairman only wrote to the Minister on this matter a few weeks ago. We wanted to have a full meeting with the Minister about this issue, but this is only a sideline. This is a big issue and local authorities, whose representatives have appeared before us, have very limited budgets, as the Minister knows. They often end up increasing rates that ordinary little shops cannot carry, to try to provide money. I saw it happening in my own county. The welfare of animals is very important. The Minister takes it seriously and has done much work in the area. To complement that, he must provide funding for local authorities to ensure they are in a position to deal with stray horses. I know the Department has brought in the electronic identification system and so on but that does not solve the issue. When there are stray horses in particular areas or on the road, the local authority is the first port of call and the authorities reacted well within the limited constraints

they have.

I am delighted the Department brought in the BEAM. I seek some latitude from the Chairman on this matter.

**Chairman:** I will give you a small bit.

**Deputy Willie Penrose:** Whether I get it or not, I am going to take it. I know farmers have written to the Department in recent weeks to withdraw from the scheme, including farmers with whom I have been in contact. I have spoken to Teagasc advisers and they reckon there will be a significant withdrawal. I have spoken to a farmer in partnership with his father who is not from my area but who runs a suckler beef enterprise, with progeny between 21 and 24 months, a 100% spring calving system, sustainable grass-based production, a six-week spring calving rate of 89%, a 90% rate of heifers calving down between 22 and 26 months, a rate of 0.292 calves per cow per year and a calving interval of 380 days, which is 21 days better than the national average. This family are members of the local Teagasc knowledge transfer, KT, discussion group and have been active members long before the beef technology adoption programme, BTAP, and the KT programme started and all those programmes were beneficial to them. They started an increased stocking rate on the advice of Teagasc, they built extra animal housing, they went to the Department and got funded through TAMS and they gained approval for a proposal to proceed to build accommodation for 60 suckler cows. The investment allowed them to increase their herd by about 20 cows to around 100. Increasing herd size is critical for receiving funding from the lending institutions and for the TAMS development. They have a sustainable system. They were struggling financially with the farm and they had merchant's credit which they would have had to carry forward into 2020 due to poor previous financial history. That was unprecedented and the beef crisis has hit their farm, just like many other farms. They applied for the beef exceptional aid measure because this was an exceptional period in their farming careers and the compensation was badly needed to help pay off their creditors. Their major concern was the 5% reduction in organic bovine manure nitrogen-based fertiliser from 30 June 2019. They had been building numbers during this time, as could clearly be seen in the Irish Cattle and Beef Federation, ICBF, reports and the 5% reduction to take place between July 2020 and June 2021 would mean a 20% reduction in their herd because they had been building stock numbers since then and building a sustainable farm system, based on Teagasc advice and funded by the Department through the TAMS. However, now they are being asked to reduce their stock by 5%, which will reverse their farm back to where it was five years ago and leave them with an unsustainable system, as described earlier. They requested that the Department not to impose this reduction and to allow the beef exceptional aid measure to be used for what it was meant to be used, namely, compensating farmers for poor beef prices and helping beef farmers to survive during such a crisis. That case was sent to the Department. This was a partnership of a young man joining his father on the farm business.

The upshot of it is this case was sent to the Department on 24 September and my information is they never received a reply. I would not mind that because I brought this case up in the Dáil but I have just heard confirmation they have since withdrawn from the scheme as they did not want to receive payments when they would have to pay the money back. That is how the glorified BEAM scheme is working. These are two exceptional farmers in a father and son partnership. Can the Minister tell me how good the scheme is for the likes of them? I have checked with two Teagasc advisers today and they expect more people to withdraw from the scheme on this basis. These are knowledgeable Teagasc advisers who have been working hard on the ground to try to improve the lot of farmers. I brought this matter up in the Dáil in October and I

knew this would come to pass. I am disappointed that something I brought up in good faith has not even got a hearing, never mind anything else. A suggestion the Minister made to me stuck with me, although he might have only said it to me as an aside, perhaps in the Dáil. He said they could change their system of buying and selling. Mother of God - I will not even address that point. I just want to register the point that this scheme was worthwhile and an excellent scheme in many ways but it has this problem that it does not allow an exception for young farmers who have engaged in a growth phase. Just when they are building up their stock, they are hit and put back again, particularly when they would have given commitments to financial institutions and others during that growth phase.

It is great to see the various schemes being introduced and I welcome the various allocations the Minister has outlined. The final year for a lot of those CAP-backed schemes, such as the BDGP and the GLAS will be 2020. What is planned for farmers for the future? Where does the Minister see things going when these schemes come to an end? I know that will depend on the 2020 CAP reform budget. Does the Minister envisage significant transitional arrangements to keep the show running while those three or four other countries decide whether they will contribute to an increased CAP budget?

**Chairman:** On that point, the Minister is giving us a briefing on CAP in the joint committee meeting later if that is any use to the Deputy.

**Deputy Willie Penrose:** I might not be around. I know 3,000 farmers exited the AEOS. Does the Minister have views on what might be available for those farmers down the line in that regard? On the TAMS, has there been an increased focus from applicants on climate action measures? Is that a driving force for the TAMS increase or does the Minister envisage the environmental issues and climate action being driving forces for an increased budget for the TAMS? That increase was welcome. There were a number of other areas such as farm safety issues that we were trying to get included in the TAMS. The BEAM and the control of horses are the main issues I am somewhat taken aback with because there is a reduction in the requirements.

**Deputy Thomas Pringle:** I thank the Minister for his statement. I have no problem with where the excess expenditure is targeted to go or anything like that. How does the Department decide which schemes get the additional funding and which schemes do not? It has been mentioned by other members but I am particularly thinking of the organic farming scheme, which had 111 applications, of which only 55 were successful. Despite having scored over the amount of points the Department required, the unsuccessful applications were not funded. I can see the increase in funding to the GLAS, the TAMS and to every other scheme. They have got funding so I wonder why the organic farming scheme was not supported because it is a worthwhile scheme for the direction we need to go in to deal with climate change. It is positive there was such a large request for people to take up the organic farming scheme and it is frustrating for those people to see they meet the criteria in the points system the Department set down but that the Department does not then fund them. That is difficult for them to accept. How was the decision arrived at not to fund the organic farming scheme but to fund these other schemes?

**Deputy Jackie Cahill:** I want to make a few points to the Minister and his officials. Like Deputy Penrose, I cannot believe this line in the Minister's opening statement: "More specifically, the prudent provision funding on control of horses". In my county, the control of horses is a serious issue. The week before last, three constituents contacted me about serious welfare issues with single horses and groups of horses. Our local authorities say they do not have the funding to deal with this issue and then I see this statement about: "the prudent provision funding". I requested on two or three occasions for officials from the Department to come in here

and be honest with us about how they will deal with horse welfare this winter. We thought they would be in before Christmas but that has been put off until the new year. When I read that sentence, I can understand why the officials are not coming in to explain what they are doing as regards horse welfare.

Like other speakers, refer to the organic scheme. As much as 70% of applicants were ineligible and there was an underspend of €8 million. Beef farmers have contacted me about the scheme. They told me that no matter what they did to comply with the conditions of the scheme they could not get the necessary points to qualify. Similar to BEAM, a scheme was designed to exclude farmers. Beef farmers have told me that they have spent money on their applications but because of the way the scoring is applied, they could not reach the points necessary - in excess of 71.5 - to qualify for the scheme. In fact, the maximum score that they could get, as beef farmers, was 70 points. It is ridiculous to have a scheme that automatically excludes applicants and that has an underspend.

On the BEAM scheme, beef farming incomes are in crisis and it is in excusable to fail to spend €28 million of Exchequer funding in a year like this. A total of 13,800 farmers who killed cattle were excluded because they had another enterprise on their farms. We made the point at the time that this was wrong. Being forced to reduce one's stocking rate to qualify means many small suckler farmers and young farmers have walked away from the scheme. It defies explanation that there a failure to distribute €28 million in funding to badly pressed farmers who are under severe income pressure.

Last week, a farmer told me that he sold his cattle at a mart and they were slaughtered within 30 days of him selling them. Unfortunately, the dealer received the money, not the farmer. The conditions of BEAM have failed farmers. The dealer sold the cattle on to a factory using an ordinary herd number. Even though the farmer believed that he would qualify for the scheme, he was excluded. The money, again, went to factory agents instead of the farmer.

There was no mention of additional funding to speed up the processing of licences for the forestry sector. The sector is grinding to a halt, which we have discussed on a number of occasions. Only 50% of the targets for planing have been met while the availability of licences for thinning and felling trees has also ground to a halt. There is a serious need for additional resources to speed up the issuing of licences. The industry is suffering due to the lack of licences for thinning and felling trees.

**Chairman:** Has consideration been given to allowing contractors to qualify for TAMS? given there is a major emphasis on slurry spreading equipment from a climate change point of view? In most parts of the country, contractors spread slurry. They need assistance to pay for the equipment required to meet the different criteria that are coming down the line.

**Deputy Michael Creed:** We are here to seek the committee's the approval of the committee for additional funding for the Department. Deputy McConalogue alluded to an underspend. On the contrary, we will require more money to keep the show on the road. We have secured that agreement from the Department of Finance and now seek ratification for that by the committee, which was the case in 2018. For two successive years we are spending more than we were originally allocated rather than underspending.

There have been years the Department has underspent and overspent. The notion that a Department can land right on the button when it comes to a budget of such magnitude does not take account of the many variables that happen. Sometimes we get appropriations-in-aid

back early but sometimes they are delayed and, therefore, go into the next year. Sometimes we have new schemes for which we must find funding. A host of variables have an impact but we always endeavour that we issue as much money as possible to farmers, and to do that this year, we require additional funds, as we did last year.

I want to deal with a number of common themes, the first of which relates to the conditionality of BEAM. The beef sector has come through a very difficult time and, in many respects, it continues. The objective was to get funding from the Commission and the Exchequer to devise a scheme that would pay farmers as quickly as possible but that comes with terms and conditions. Regarding what Deputy Penrose said, the EU Commission is responsible for the implementing regulation. The following conditionality is stitched into the EU's regulation:

The measures taken by Ireland shall be aimed at reducing production or restructuring the beef and veal sector and one or more of the following objectives:

- (a) implementation of quality schemes in the beef and veal sector or projects aiming at promoting quality and value added;
- (b) boosting market diversification; and
- (c) protecting and improving the farmers' environmental, climate and economic sustainability.

We did not have a choice because we had one of three options that "shall be aimed at reducing production or restructuring the beef and veal sector". We were faced with the choice in terms of complying with that rejecting the aid or coming up with an ingenious way to enable farmers to qualify. I did not want to have a conditionality attached where there was a straight requirement for a head count reduction. We assessed whether there was room for manoeuvre when negotiating the organics load. That is the way we went about it and we opted for a 5% reduction. That was the best way to deal with a difficult hand of cards. There was conditionality attached to the funding, as there always is for any scheme of exceptional aid. Some people felt hard done by and have left the scheme as a consequence. Of just under 35,000 applicants, approximately 500 people have left so there is a liability in the region of €78 million. It was a demand-led scheme.

Deputy Cahill mentioned that dealers engineered their mart sales to be subsequently sold on using another herd number. That claim flies in the face of the facts. In late summer, the scheme was introduced for cattle that been sold prior to last May so the dealers could not have known, as they sold the cattle, that it would be appropriate to buy them using a dealer's herd number and sell them using another herd number. That is simply fictitious and it is not the case.

**Deputy Jackie Cahill:** Why do dealers not sell their cattle using their dealer number? Why is that not enforced?

**Deputy Michael Creed:** No dealer number will get a payment under this scheme, and we gave that commitment early on.

**Deputy Jackie Cahill:** If the seller of the cattle is classified as a dealer, will the payment be made?

**Deputy Michael Creed:** I reiterate that no dealer herd number will get a payment under BEAM.

**Deputy Jackie Cahill:** The Minister has missed the point I made. The person I referred to did not sell the cattle using the dealer number but used a farmer number even though he bought the cattle in the previous 30 days.

**Deputy Michael Creed:** The Deputy inferred that the person was somehow able to game the scheme.

**Deputy Jackie Cahill:** I urge the Minister not to try covering up the inadequacies of the scheme. The farmer who should have received the payment did not get it. The agent who bought the cattle sold them on using a farmer number, which means that the Department is not enforcing its regulations in respect of dealers.

**Deputy Michael Creed:** No, I stand over what I said. The Deputy seems to suggest that somehow somebody who sold their cattle-----

**Deputy Jackie Cahill:** I did not say that; all I am saying is that the farmer who was entitled to the payment did not get it.

**Deputy Michael Creed:** When those cattle were sold, there was no scheme in place. We were devising a scheme after the fact from September up to May and we were motivated to make sure that farmers got payments, not dealers. There may have been cases where dealers bought cattle and those cattle were sold to a factory under a different herd number. It could not have been the case that they were doing that from September 2018 until May 2019, to make sure that they would get a BEAM payment, because the scheme did not exist when they were making the sale. We were absolutely driven by the need to ensure the payment went to farmers. The only guarantee I can give is that dealers will not get the payment.

**Chairman:** I will allow Deputy Cahill to comment in a few minutes.

**Deputy Jackie Cahill:** Dealers have got the payment, that is all I can say. That has been relayed to the Department in writing.

**Deputy Michael Creed:** The other matter which has raised some concern, which I can understand, is the control of horses. We are all aware that there is understandably and rightly a heightened interest in welfare issues. We operate a scheme that refunds to local authorities the costs they incur under the Control of Horses Act 1996. If a local authority, under its obligations under the Act, incurs expenditure under approved headings agreed with the Department, we refund it. The performance of local authorities is a mixed bag, but funding is available from my Department on a receipt basis. Not all of that funding has been spent. That is the simple reality. About €1.14 million was made available and we have spent €520,000, that is, less than half of the funding.

**Chairman:** The Minister is saying that money is available but it has not been drawn down.

**Deputy Michael Creed:** Exactly.

**Chairman:** This is despite the fact that we hear on a regular basis that there is an issue with funding.

**Deputy Michael Creed:** I can provide the committee with a more detailed note, but that is the case. A fund is available to refund local authorities for services rendered. Not all of that fund has been drawn down. It is as simple as that.

**Deputy Thomas Pringle:** I will call on Deputy Pringle briefly and then Deputy Stanley.

**Deputy Thomas Pringle:** Does that refund include the overdraft costs to local authorities? A local authority has to spend the money and then apply for it to be recouped. Does that include the costs of carrying that money?

**Deputy Michael Creed:** I do not have all the detail of it here, but my understanding is that we provide local authorities with a refund of up to €375 per horse for actions they have taken.

**Deputy Thomas Pringle:** If they spend-----

**Deputy Michael Creed:** That is the maximum funding they can get from us. I can get more details, but we provide €1.14 million and we have spent about €520,000.

**Deputy Thomas Pringle:** My point is that a local authority might spend €1 million in the first quarter of the year and it might have to wait until the last quarter of the year to get that €1 million back from the Department. It has to carry the cost of that debt.

**Deputy Michael Creed:** I do not think so. I imagine it is refunded on a rolling basis, on the basis of accounts submitted. I do not think it is a case of everything being spent in the last weeks of the year-----

**Chairman:** I would like more information on that from the Minister.

**Deputy Michael Creed:** We have spent less than half of what is available to local authorities in this area.

**Chairman:** If local authorities had requested more money would they have received it?

**Deputy Michael Creed:** If they had acted under the service level agreement and taken the appropriate actions they would have got the refund.

**Deputy Brian Stanley:** The Minister quoted a figure of €375 per horse. Local authorities find that a huge operation must be mounted when they impound a horse. They have to get An Garda Síochána to escort them in many cases-----

**Deputy Michael Creed:** I appreciate-----

**Deputy Brian Stanley:** I just want to explain to the Minister where I am coming from, because it is a huge issue. The bill for a horse could run to several thousand euro.

**Deputy Michael Creed:** Several thousand per horse?

**Deputy Brian Stanley:** It is difficult to get pounds to take them. I know they have to have the horse put down after a certain period of time if it has not recovered, which reduces the bill. This was not in the recent past, but I have seen the bill rise substantially where several animals are impounded. Could the Minister explain what power the local authority has where the chip is concerned? This is a great mystery. I am not against people having horses, but I am against people having horses and not looking after them. What exactly is the procedure where horses are left roaming around or are mistreated? Do local authorities have the power to check, and do they have the necessary funding? There has always been confusion about the line of responsibility.

**Deputy Michael Creed:** Let there be no confusion. The first and absolute responsibility is

on the owner of the horse.

**Deputy Brian Stanley:** I know that. I am talking about cases where owners do not take responsibility.

**Chairman:** We are straying off the main topic.

**Deputy Michael Creed:** Local authorities are drawing down these funds. However there is more funding which is not spent. I accept there may be horses that are in good ownership and well looked after but are not compliant with the law as regards chipping and passports. That is a problem. It makes traceability more difficult. The Department is aware of this. In the first instance, responsibility rests with the owner. Local authorities have functions and responsibilities in respect of horses that are on public properties, are causing a nuisance or are not cared for appropriately. That is their responsibility pertaining to public lands under the Control of Horses Act 1996 as I understand it. Supports are available from my Department to assist local authorities. We have paid out to local authorities under that fund but we have not spent all the money we have provided. It is there for local authorities to avail of if they wish.

**Deputy Brian Stanley:** There is another point I wanted to make-----

**Chairman:** Very briefly, please.

**Deputy Brian Stanley:** This is the one opportunity I will get. Suppose one or two horses are being mistreated, are roaming or whatever else. A Department official is needed to check the microchip. That is where the problem can arise. Perhaps whatever Department official deals with this could look at that. Some of the officials could take a note and come back to us. Who is responsible at that point? Perhaps we need-----

**Chairman:** It is an issue we will be dealing with.

**Deputy Brian Stanley:** -----to put more money into that. That is all I am saying.

**Deputy Michael Creed:** I can send the committee a note on the scheme and how it operates.

**Chairman:** We do expect to have the relevant officials before the committee in the new year.

**Deputy Michael Creed:** Regarding the organic sector, I note that €56 million was provided for the organic scheme over the lifetime of the rural development programme, RDP. Members should bear in mind that under what is known as the N+3 rule, the RDP does not run for a fixed five-year period. Sometime a contract starts in the middle of one stream and rolls over into the next one. If anything we are generally overspending under RDP rather than underspending. We will certainly spend all of the €56 million available for the organic sector.

We asked an expert group within the organic sector to consider which interventions might be useful. That group recommended a targeted reopening of the organic scheme. The targeted areas in which it asked this were in horticulture, cereals and dairy. We accepted applications that were in those areas but rejected many others because they were not. We accepted applications from the areas identified by the expert group as areas with market demand where it would be useful to intervene and offer support. The problem is that the organic beef sector is leaking into the mainstream beef market. It does not have sufficient marketing or organisation. There is a huge demand for more organic cereals. I could give examples of places I have visited and

very successful organic businesses I have seen up and running. We are importing organic grains because we do not meet domestic demand here. That is why we opened the scheme in the targeted area of cereals as we did for horticulture and dairy. In the context of the next Common Agricultural Policy, CAP, we are coming from quite a low base. I think we have 2,000 ha under these crops. I am not sure. I had better not quote a figure I cannot stand over. It is significantly greater than it has been for a while, but it is still quite low by international comparisons. Originally, we took in everybody who applied and we had a targeted reopening of it. That is the answer to that question.

**Deputy Thomas Pringle:** Why was the scheme not targeted on its own? Why was it not opened up to allow anybody who met the criteria to apply?

**Deputy Michael Creed:** It was because the expert group felt that the market was looking for more product in the horticulture, dairy and cereal areas.

**Deputy Thomas Pringle:** Surely it would have been the Department's view to target the opening of the scheme rather than having a general opening and people-----

**Deputy Michael Creed:** Originally, we opened it to everybody. Everybody who wanted to come in, and they are still in the scheme and getting a payment. We subsequently reopened it, on the advice of the expert group, to take in applications where they felt there was a market demand for the product. That was in cereal, dairy and horticulture.

**Deputy Thomas Pringle:** That was the only scoring they would have got.

**Deputy Michael Creed:** They felt that is where the demand in the marketplace was located.

**Deputy Thomas Pringle:** That was the only scoring that would have meant they would have qualified for it.

**Deputy Michael Creed:** Yes. Applicants who came in under the beef sector would not have been included. That is where the high number of applications that were refused came from. I would imagine that will be one of the areas that will grow more in the next Common Agricultural Policy, CAP, but we are growing from a low base.

Deputy Stanley asked about renewable energy. I would make two comments in reply. Under the targeted agricultural modernisation schemes, we are funding solar panels for farmers. That was a late addition to the scheme as an acknowledgement that this is an important part of the sector and a role it can play. It is interesting to see that that initiative has been seized by others to bolt additional supports onto it to further incentive it for farmers who avail of that grant.

In the current Ag-Climatise public consultation document, and this is not to do with the Supplementary Estimate, there is a sector looking at other areas of renewables that might be appropriate for farm involvement, particularly in the area of anaerobic digestion, for example.

Deputy Penrose made the point about young farmers expanding in the context of the beef exceptional aid measure scheme, BEAM. The difficulty is that there was no getting away from the conditionality attached to that in terms of funding for the control of horses.

He also raised the issue of transitional arrangements. I do not know whether the Chairman wants me to take that in the context of the CAP generally-----

**Chairman:** We are tight on time for this particular section. If members agree, we might

leave that until the next section.

**Deputy Michael Creed:** On the point raised by Deputy Cahill about forestry, we are facing a particular difficulty. As a consequence of court rulings, both domestic and European, we have to effectively rebuild our licensing system. We have established an appeal system as well. I hope that the new licences that have been issued, and they are relatively recent in the context of the rebuilt licensing system that we have had to put in place, taking account of the rulings that were made in respect of court cases, are resilient enough to withstand challenge. I imagine the first of those will be considered imminently by the forestry appeals process shortly. It is an area of concern. We are very aware of it in the Department. It has caused significant problems for us in terms of the large numbers of licences, whether it be for afforestation, felling or forestry roads, being appealed by a very small number of people.

**Deputy Charlie McConalogue:** On that point, can the Minister be more specific on the timeline and the prospects of getting a sufficient number of licences issued to ensure the industry is operating at capacity? As Deputy Cahill outlined, and all of us would have got feedback from many who are in the contracting sector in particular, they have had to stand down operations. The potential exists that people will have to be let go. There must be an urgent change to the number of licences being issued for felling and also in terms of the logjam arising in respect of planting. There seems to be a very serious situation in the sector, which is putting a massive amount of pressure on those who have invested in it in terms of contractors and also the sawmills. Recently, sawmills have been importing wood and raw material from Scotland to ensure they have a throughput to keep going but that option is not available to those working in the sector in planting or felling. A clear pathway needs to be put in place to ensure that the industry is operating at capacity and that we do not have redundancies in the sector. It appears to me that unless urgent is taken by the Minister and the Department, that will be the situation facing them. Can the Minister clarify his assessment of the position within the sector regarding the employment and the number of licences out there to keep the sector operating at its consistent standard in terms of employment and capacity?

**Deputy Michael Creed:** The problem is that along the supply chain, from afforestation to felling, tilling and forestry roads, we have faced a situation where our previous licensing regime was found to be deficient in some respects in terms of court challenges. We have had to take account of the court rulings, both here and at the European Court of Justice, ECJ, and rebuild our licensing process as it relates to all of those issues. We have had some comparable experience in this area in terms of the aquaculture licensing issue. I would hope that where we are now in terms of the additional resources that we have and are putting into it in terms of additional staff and rebuilding the licensing system will address the issues. As the Deputy rightly said, whether one is employed in the afforestation side, the nursery side, in the contracting business of building forestry roads, the felling system or working in one of the many processing plants across the country, there is a consequence all along the supply chain for these actions that have been taken. We have had to deal with that and those court challenges and put in place a new licensing regime that takes account of those court rulings. I am hopeful but we await the deliberations of the appeals board on those licences that were issued under the new regime but appealed. We hope they will stand up to scrutiny given that they were issued consequent on the rebuilding of the licensing regime, taking account of the court rulings. It is a significant challenge and issue for the sector but one on which we have engaged with all of the actors along the line in terms of the forestry industry. I would hope we have the solution in hand.

**Deputy Charlie McConalogue:** When did the Minister say the new licences started to be

issued under the new regime?

**Deputy Michael Creed:** I cannot give the Deputy an exact date but it was relatively recently.

**Deputy Charlie McConalogue:** What is the timeline for the appeals for those new licences, which the Minister expects will be more robust and able to stand up better to the appeals system? What is the timeline for those appeals to be heard?

**Deputy Michael Creed:** My understanding is that some of those licence appeals should be heard imminently.

**Deputy Charlie McConalogue:** Can the Minister give us his assessment, and that of the Department, of what is happening within the sector? This is a serious situation. What is the Department's view and understanding in terms of employment, contractors, etc.? Have many of them stood down as a result of this situation?

**Deputy Michael Creed:** No, but we are aware of concerns. In terms of the pipeline of activity that various actors along the chain are involved in, whether it is planting, felling or building roads, all of them are seeing the consequences of work they had envisaged would be coming on-stream now being the subject of possible delays and their existing contractual commitments coming to an end. We are aware of the pinch points and we are trying to solve those as quickly as possible.

**Chairman:** We may have strayed off the point somewhat but it is a very important issue. The Minister might deal with the questions asked by the other two other members and also my question.

**Deputy Michael Creed:** Yes. Under the TAMS regulations, a herd number is required to be eligible for TAMS grant aid. The greater or more onerous obligations to which the Deputy alluded and which relate, for example, to the low-emission, slurry-spreading equipment scheme could be considered in the context of a new rural development programme. There is no eligibility under the current scheme unless a person has a herd number. However, many contractors have herd numbers.

**Chairman:** Some do and some do not.

**Deputy Michael Creed:** Regarding the point made by Deputy Stanley on Brexit funding, that relates exclusively to east-west arrangements in the context of Rosslare, Dublin Port and Dublin Airport. There is some minor provision in terms of the fishing ports in Killybegs and Castletownbere.

**Deputy Brian Stanley:** Will there be a cost in respect of the land border?

**Deputy Michael Creed:** There has not been and there will not be.

**Deputy Brian Stanley:** Hopefully, Brexit will not happen.

**Deputy Michael Creed:** We have to anticipate that Brexit will happen.

**Deputy Brian Stanley:** I know.

**Deputy Michael Creed:** We have been working on that basis but, as we have always said, we have not spent any money putting infrastructure in place along the Border and nor will we.

**Deputy Brian Stanley:** I thank the Minister.

**Chairman:** I call Deputy Corcoran Kennedy. She will be followed by Deputy Danny Healy-Rae. I ask members to base their questions on the various subheads before us.

**Deputy Marcella Corcoran Kennedy:** I thank the Minister and his officials for attending. The level of recruitment has decreased across the various programmes. What was the reason for the delay in recruitment?

In terms of the expenditure on some of the schemes, there seems to have been a low uptake. It was stated that the demand relating to the capital investment incentive scheme from food companies was low and that there has been a moderate drawdown of funds regarding the grant schemes for small food producers. Is the Minister in a position to account for this? One would have thought such schemes would be very attractive. There was also a lower than expected drawdown in respect of the seafood development schemes. Those are my two questions.

**Deputy Danny Healy-Rae:** I want to highlight problems farmers are having drawing down funding under the BEAM scheme. They have been refused. First, we were told the person who would be paid was the last person with a herd number who bought the cattle at the mart, but we find out now that is not what is happening. There is no real answer forthcoming. It seems that no one is entitled to get it if a dealer or mart supplied the cattle to the factory within the 30 days, and yet the farmers are not being paid and are being told that they will not be paid. We cannot understand the reason for this.

My other question may have been dealt with. It concerns felling licences and the building of roads. There has been an unseemly delay with the issuing of felling licences all year. The system has been completely held up in every aspect, including as it relates to contractors and farmers. The Minister referred to it. There is a bad feeling out there. In addition, serial objectors are delaying the building of roadways to bring out timber. Can anything be done in respect of such individuals? They should be obliged to pay a reasonable sum of between €2,000 and €3,000 in view of the fact that they are holding up work. One farmer I know is disabled as a result of a stroke and his family needs the money from the sale of the timber but they cannot build a road in order to get the timber out. That is very wrong. It does not encourage people who are thinking of going into forestry but rather it is steering them away from it. Could we do anything to prevent people making serial objections? I do not know what is the reason for it. Does the Minister or anyone else know why these individuals take it upon themselves to stop people building roads in order to bring out timber? Do they just want to paralyse the forestry sector altogether?

**Chairman:** We have dealt with these two questions already. Does Deputy Danny Healy-Rae have any other questions on any of the subheads?

**Deputy Danny Healy-Rae:** No. I would prefer if the Minister would on comment on the BEAM scheme.

**Chairman:** We have been down that road already. If the Minister has a further comment to make, he can do so briefly.

**Deputy Michael Creed:** In response to Deputy Corcoran Kennedy's question, I made the point earlier that 426 people have joined or rejoined the Department in 2019 and 215 have retired or moved to other employment. Despite the substantial increase in staff, there is a slight saving on the payroll side of approximately 1% of the allocation. A substantial part of it was in

the final third of the year due to an intensive focus on recruitment due to Brexit-related requirements. That is the reason for the saving. It is not an enormous saving, it is only 1%.

There were two schemes in the marine area. One was the marine biodiversity scheme in 2019. Expenditure on that has been slightly lower than anticipated. There was a provision of €2.8 million and there is a saving of approximately €900,000. That is because of a timing issue with contractual commitments under the scheme. The other scheme is that relating to blue growth and marine spatial planning. Expenditure on that amounted to €3.1 million. However, expenditure in 2019 amounts to €1.5 million because many projects in the blue growth and marine spatial planning work programme that are approved span a number of years, which means the drawdown will not all happen before the end of this year.

I dealt with both of Deputy Danny Healy-Rae's points. I discussed the matter with the Deputy. I appreciate his concerns. We will pay €78 million to farmers this year under the scheme. We gave a commitment that the scheme would be for farmers not for dealers or anybody else. That is something I stand over. The point the Deputy raises concerns cattle that were sold in a mart and subsequently sold by the purchaser on to a factory within a month. All I can say with regard to the design of the scheme is that no dealer will qualify for that payment. If the cattle were bought by another farmer and sold within a month, then that is another thing, then the farmer who sold them is eligible but no dealer herd number will be eligible for the payment. It is the case that some cattle were bought by dealers and some were bought by other farmers and sold within a month so the entitlement then rests with the final seller, but the dealer will not get the payment.

I dealt with felling licences in some detail earlier. We appreciate that there is a significant challenge and we have been engaged with all of the actors along the chain from contractors, nursery owners and the forestry industry generally in terms of its representative body and various individual actors along the line to hear their concerns at first hand, to explain the challenges we face as a consequence of the licences that were challenged successfully. We had to rebuild our licensing system. I hope the new licences are more robust now, having been constructed to take account of the reasons licences fell in court. In respect of what we are licensing today, in terms of afforestation, it is a very different product and product mix than the forestry many people are exercised and animated about. It is a very different plantation regime now than was in place ten, 15, 20 or 30 years ago. The idea of forestry being built right up to one's back yard or to the edge of a roadway is no longer something that is tolerated. We put a great deal of effort into rebuilding the licensing regime and I hope that it proves to be more robust in terms of the appeals process that some of them are being subjected to now.

**Chairman:** If there are no more questions, we will wrap up. I thank the Minister and his officials for attending.

### Message to Dáil

**Chairman:** In accordance with Standing Order 90, the following message will be sent to the Dáil:

The Select Committee on Agriculture, Food and the Marine has considered the Supplementary Estimates for the Department of Agriculture, Food and the Marine.

10 DECEMBER 2019

The select committee adjourned at 5.20 p.m. *sine die*.