

Opening Address to the Public Accounts Committee

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Department of Agriculture, Food and the Marine

Appropriation Account 2022

11 July 2024

Introduction

I thank the Chairman for giving me the opportunity to address the Committee.

As Accounting Officer, I am pleased to assist the Committee in its examination of the Department's Appropriation Account for 2022. My colleagues and I look forward to discussing the expenditure and activities of the Department in respect of 2022 and answering any questions that you might have.

2022 was a challenging year for the Department and by extension the sector, for many reasons, not least the ongoing Brexit related impacts, the residual effects of Covid-19 and the adverse impact on the agricultural sector of the illegal Russian invasion of Ukraine. Despite these and other challenges, the value of agri-food exports in 2022 increased to €18.78 billion, up 21% from the previous year's figure of €15.58 billion. Farm incomes were up overall, although there were significant differences between the sectors.

The Department played a key role in supporting farmers and fishers, food producers, processors, and the food distribution chain, by continuing to deliver

services that support the production of safe and nutritious food for Irish and international markets. In 2022 alone, such support included the payment of €1.196 billion of EU funds to over 121,000 Irish farmers, the management of over 158,000 tonnes of fish quotas, the issuing of over 4,700 forestry licences, the provision of funding of €4.2 million to Irish fruit and vegetable growers and the award of record funding of over €5.8 million to animal welfare charities. This brief snapshot highlights the diverse range of activities the Department manages in any given year, and 2022 was no exception.

Financial Overview of 2022

The Department's gross estimate for 2022 was €2.014 billion, which included a carry-over of capital savings of €29.9 million from 2021. The gross outturn was €1.893 billion, representing an increase of approximately €200 million over 2021.

This voted expenditure, when combined with the €1.196 billion in EU funded schemes referred to above, brings total Department expenditure to just over €3 billion. These so called " Pillar I" EU schemes are not accounted for in the National Appropriation Accounts or Voted through the Oireachtas. They are subject to a separate EU accountability system.

In 2022 the Department availed of a Supplementary Estimate, which allowed it to fund a Fodder Support Scheme and a Tillage Incentive Scheme, both of which were introduced as a result of the war in Ukraine.

The Department also receives Appropriations in Aid, which were significant in the overall 2022 financial outcome. These principally comprise EU receipts in respect of Rural Development, Seafood Development and Animal Disease Programmes. In 2022, these receipts amounted to €409 million.

The Department's Vote is divided into four programmes, each representing a key policy priority.

Programme A relates to the food safety, animal health and welfare and plant health programmes. Programme expenditure under this heading, excluding staff and administration costs, amounted to some €137 million in 2022. This expenditure supports vital services that promote and safeguard public, animal and plant health and animal welfare for the benefit of producers, consumers and wider society. It underpins our agri-food sector and includes expenditure on disease eradication programmes such as TB, testing for residues in food products, on farm controls and plant protection.

Attributed staff salaries constitute 40% of the total expenditure on this programme which accounts for more than half (58%) of the Department's 2022 payroll.

Programme B expenditure provides income and targeted supports to over 121,000 Irish farmers and others in the agri-food sector. It covers our farm support schemes other than the Basic Payment Scheme, which is entirely EU funded. These schemes are designed to encourage sustainable agricultural practices. Most of them, apart from the forestry programme and Ukraine related schemes, received co-funding from the EU under the Rural Development Programme. The final allocation for farm support schemes, following the supplementary estimate, and excluding pay and administration, came to €928 million.

The eventual outturn for this programme was €860 million, some €36 million more than the previous year.

Alongside the schemes provided for in Ireland's CAP, 2022 saw the introduction of both the Fodder Support Scheme (FSS) and the Tillage Incentive Scheme (TIS) in response to challenges faced by Russia's illegal invasion of the Ukraine.

Exchequer funding of €84 million was allocated for Fodder Support Schemes to incentivise farmers to grow sufficient fodder. The scheme's objective was to ensure that Ireland did not have any animal welfare issues over the winter 2022/spring 2023 period and a total of €83 million was paid in 2022 to approximately 70,000 farmers.

Programme C expenditure is designed to provide the optimal policy framework for the sustainable development of the agri-food sector. It includes expenditure on Research and Development, which supports Irish research, innovation, knowledge development and transfer in the agri-food, forest & bioeconomy sectors, and contributes to their sustainability and competitiveness. In 2022, the Department continued to use funding under its competitive research programmes to enable Irish researchers to participate in collaborative international partnerships.

The supplementary estimate also allowed the Department to use savings which emerged during the year to respond to a specific request from the World Food Programme for early payment of our 2023 commitment under the strategic partnership agreement 2022-2024. This resulted in a payment of €25m to the World Food Programme in 2022.

A capital investment of €6 million was made in the Irish National Stud. This one-off payment was made to support the core business activities of the stud and the implementation of its strategic plan.

Overall, the Programme C outturn of €431 million, was €12 million less than the voted allocation after the Supplementary Estimate.

Programme D expenditure supports the delivery of a sustainable, competitive and innovative seafood sector, driven by a skilled workforce, delivering value added products in line with consumer demand. In 2021, the Seafood Sector Task Force examined the negative impacts of the EU-UK Trade and Co-operation Agreement, (TCA) on Ireland's fishing fleet and on related coastal communities. It recommended a series of mitigation measures that could be taken to provide supports for development and restructuring, in order to ensure a profitable and sustainable fishing fleet and to identify opportunities for jobs and economic activity in coastal communities dependent on fishing.

All of these recommendations were proposed for funding under the Brexit Adjustment Reserve (BAR), with capital schemes for Seafood Processing and Aquaculture proposed for additional funding under the European Maritime, Fisheries and Aquaculture Fund (EMFAF) after the expiry of BAR.

Expenditure under the programme part of this heading in 2022, amounted to €160 million. In 2022, schemes providing direct supports to industry were implemented by Bord Iascaigh Mhara (BIM). In addition, an Inshore Marketing Scheme was implemented by Bord Bia at a total cost of €0.5 million in 2022.

The Brexit Adjustment Local Authority Marine Infrastructure (BALAMI) Scheme, assisted the marine economy in coastal communities. These Projects were delivered by local authorities which own and maintain the relevant marine infrastructure. By the time the Brexit Adjustment Reserve eligibility period finished at the end of 2023, BALAMI scheme expenditure had totalled €38 million.

Programme D also includes spending under the Seafood Development Programme, and Grants to the Marine Institute, Bord Iascaigh Mhara and the Sea Fisheries Protection Authority.

Conclusion

The agri-food sector makes a significant contribution to Irish employment, employing approximately 165,000 people, mostly in rural and coastal areas.

Staff in the Department deliver a wide range of services to stakeholders in the sector, and I would like to pay tribute to them for their continued commitment and professionalism and the contribution they have made to supporting the agri-food sector.

Finally, I thank the Chairman and the members of the Committee for their attention and welcome any follow-up questions.

ENDS