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BUDGET RECOGNISES KEY ROLE OF AGRI-FOOD SECTOR IN ECONOMIC RECOVERY

- MINISTER SMITH

- **No Change in Payment Level for Main Agriculture Schemes**
- **Agri-Environment Options Scheme to Reopen in 2011**
- **Farm Waste Management Scheme Payments Brought Forward**
- **Total Department Expenditure in 2011 of almost €3 billion**

The Minister for Agriculture, Fisheries and Food, Brendan Smith TD, today said that “*Budget 2011 recognises that agriculture and the agri-food industry has a key role to play in economic recovery, as identified in the Government’s National Recovery Plan 2011-2014. The sector is highly labour intensive and is a vital part of the rural economy.*” The Minister said that the Budget and his Department’s Estimate for 2011 complemented the *Food Harvest 2020* Report and Bord Bia’s *Pathways to Growth* strategy.

Minister Smith said that “*while the Department’s estimate for next year shows a net reduction of 11 per cent, this is largely accounted for by a reduction in payments under the farm waste management scheme. Meanwhile, spending on a range of areas, including the Disadvantaged Area Scheme (DAS), agri-environment schemes, forestry and fisheries, is being maintained at or very close to 2010 levels. Today’s Estimate is a very clear statement of the Government’s commitment to this vital sector and, including EU-funding of €1.278 billion, my Department’s total expenditure in 2011 will be almost €3 billion.*”

Specifically, the Minister pointed out that

- spending on DAS is being maintained at 2010 levels at €220 million ;
- spending on agri-environment schemes – Rural Environment Protection Scheme (REPS) and the Agri-Environment Options Scheme (AEOS) – will increase from €330 million to €337 million;
- **forestry and bio-energy expenditure is being reduced by 1.66 per cent, from €121.8 million to €119.8 million;**
- expenditure on fisheries is essentially being maintained at 2010 levels; and
- there will be a 3.3 per cent reduction in the allocation to the Horse and Greyhound Racing Fund in 2011 – from €59.3 million to €57.3 million.

The Minister also confirmed that up to €100 million of the final instalment of the Farm Waste Management Scheme, which is due to be paid early next year, is now being brought forward to this month. By the time the final instalment is paid in full, well over €1.1 billion will have been paid, all of which is Exchequer-funded.

Minister Smith also confirmed that, with the agreement of the Minister for Finance and within the financial ceilings set out in of the *National Recovery Plan 2011-2014*, he has agreed to a reopening of AEOS in 2011, with participation levels capped at 10,000 and maximum payment levels capped at €5,000. This level of participation is roughly equivalent to the number of REPS participants who are currently out of contract or whose contracts will have concluded by 15 May 2011, the date by which applications must normally be submitted for participation in agri-environment schemes. This level of participation is similar to that which applied this year.

The 2011 Estimate also provides for bringing forward €32 million for the Suckler Cow Welfare Scheme in 2011 to ensure that the Department can make the 2010 and 2011 payments under the Scheme in 2011 (rather than a year in arrears, as has been the practice to date).

The Department's capital budget includes provisions of

- €19 million for the Department's Targeted Agricultural Measures, which are focused on supporting productive investment and include
 - a new scheme for dairy farmers to adjust to expanding dairy opportunities;
 - aid for sheep fencing and handling facilities; and
 - animal welfare grants for pig and poultry producers
- €35 million for Marketing and Processing grants to meet commitments made under the beef, sheep and dairy rationalisation programme.

Minister Smith said that *"it is especially important, notwithstanding the pressures on the Department's Vote, that expenditure in 2011 for forestry and bioenergy and fisheries are maintained at very close to 2010 levels and this reflects the important economic and social contributions that both sectors make to rural and coastal communities throughout the country and the potential that they have to play in the wider economy. The funding available for forestry in 2011 will be sufficient for in excess of 7,000 hectares of new planting, which is comparable to the planting target for 2010. Funding for fish processing and aquaculture is being maintained at 2010 levels."* In addition, the Minister confirmed that the provision for horticulture is being maintained at both 2009 and 2010 levels of €4 million.

Referring to the Horse and Greyhound Racing Fund, responsibility for which transferred to the Department of Agriculture, Fisheries and Food in May 2010, the Minister said that funding of €57.29 million is being provided in 2011. The Minister described the 3.3 per cent reduction as “*a modest reduction, given the pressures on the public finances and reflects the importance of the horse racing and bloodstock sectors, particularly in terms of providing and supporting 16,000 jobs, many in parts of rural Ireland where alternative employment opportunities are limited.*”

The Minister emphasised that significant savings will also be achieved on the Department’s payroll costs over the period of the Government’s *National Recovery Programme 2011-2014*. It is estimated that the Department’s staffing level will have fallen by approximately 240 in 2010 and this rate of reduction is set to continue in 2011. The Department remains committed to managing its business and ensuring effective service delivery with ongoing reductions in staff resources.

Mr Smith also drew attention to the new format in which the Department’s Estimates for 2011 were presented. In addition to the traditional subhead-by-subhead presentation, the 2011 expenditure is also shown across the Department’s four strategic programme areas, into which the various subheads are grouped. The four programme areas are agri-food policy, development and trade; food safety, animal health and welfare and plant health; rural economy environment and structural change; and direct payments.

Minister Smith said that “*Food Harvest 2020 sets out a clear pathway for Irish agriculture and the Irish agri-food sector over the next decade, with ambitious but entirely realistic and achievable targets of growing primary output by one-third and our value-added and exports by around 40 per cent. The Government’s National Recovery Programme 2011-2014 recognises the contribution that the agricultural, fisheries and forestry sectors can make to the recovery of this country’s economy and the enormous social and economic contribution to rural and coastal communities throughout the country. Today’s Budget and the spending estimates for 2011 are a logical next step in providing for the future development of the sector and are a further recognition of its value and its potential in playing such a key role in economic recovery over the next few years.*”

7 December, 2010

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