

## Secretary General's Statement to the PAC

8 March 2012



Thank you Chairman and members of the Committee for this opportunity to address you today.

I have already submitted a brief to you that details the financial aspects of the Departments Vote, comments on elements of the Appropriation Account itself, and addressed some of the issues covered in the C&AG's Annual Report including the Pig Meat Recall Scheme.

To set the scene for the discussion I might take this opportunity to remind the Committee of the year in question. You will recall that in 2009 the economic recession and exchange rate movements were the primary factors influencing the market performance of agricultural commodities generally and that this was evident in a combination of reduced volumes and lower prices across the agri-food sector. I am happy to say that there was a resurgence of the Irish food and drink and farming sectors in 2010 and that this resurgence continued into 2011. The prospects for 2012 are also promising.

The food and drink sector was a major contributor to the national economy in 2010 with export sales rising by 11%, faster than many other sectors, to reach €7.9 billion. This increase of €800 million on the previous year demonstrates the ability of the sector to adapt to market needs and to compete on a global scale. It also shows the underlying potential of indigenous industries to contribute to an export led national recovery, vital as we move out of the financial and economic crisis.

There were also positive developments at farm level. Albeit from a low level, aggregate farm income increased by 31.5% in 2010 compared to 2009. Cereals and dairy enterprises showed the greatest operating surplus based on improved prices and increased productivity. The livestock sector also showed strong increases in output value. The beef sector increased by 12.2%, pigmeat by 7.8% while sheepmeat increased by 7.6%.

A major initiative in 2010 was the development and publication of Food Harvest 2020, the strategic roadmap for the agri-food and fishing sector for the next decade. This industry-led report set growth targets for the various sectors which included increasing the value of primary output from the sector by 33%, increasing value-added by 40% and increasing exports by 42%. To set the framework for achieving these ambitious targets, a high level implementation committee was established. This committee, consisting of the CEOs of the major State Agencies, has been tasked with driving the implementation process, achieving integrated State action and facilitating industry involvement.

The Department continued to operate a wide range of schemes and initiatives which are of direct benefit to farmers and which also contributed to the development of an increasingly vibrant agricultural sector. Over €1.64 billion was paid to farmers in 2010 under the Single Payment, Disadvantaged Areas and the Rural Environmental Protection schemes and around 95% of these payments were made within the service delivery targets of the Farmers Charter and Action Plan.

A number of new on-farm initiatives commenced in 2010. An Agri Environment Options Scheme (AEOS) was launched in March. This more targeted environmental scheme was designed to promote biodiversity, encourage water management and combat climate change. The scheme offered



an opportunity to those leaving REPS to continue to adopt environmental actions on specific parts of the farm.

A range of Targeted Agricultural Modernisation Schemes (TAMS), aimed at addressing some of the new challenges identified in the EU Health Check was also launched. These included a bio-energy scheme for willow and miscanthus to encourage uptake of the scheme ahead of the planting season which was launched in February 2010. The welfare schemes for pigs and poultry were introduced in June and the Sheep Fencing/Mobile Handling Equipment Scheme was introduced in November to assist the sheep sector. Dairy Equipment and Water Harvesting Schemes were introduced in early 2011.

The Public Service Agreement, also known as the Croke Park Agreement was also introduced in 2010. The Department had already embarked on a rationalisation programme which has led to the establishment of 16 enhanced regional offices and the closure of 42 offices to provide an improved service to customers using a more cost effective service delivery model. This process is yielding significant savings both in staff resources and administration costs. From 2008 to date the number of staff in the Department fell by 700 with total administrative savings amounting to €68m of which €50m is wages and salaries.

Discussion continued in 2010 on both the broad outline and principles of the future CAP and the reform of the Common Fisheries Policy. The Commission produced policy papers on both these issues which have been the subject of intensive negotiations during 2011 and 2012. I hardly need to emphasise that, because the outcome of the CAP reform negotiations will set the policy framework for Irish and EU agriculture for the best part of the next decade, it is vital that we get it right. The Department has been actively engaged in the negotiation from the outset. Our priorities in the negotiations are to achieve :

- a strong and well-resourced CAP,
- retention of our levels of funding for both direct payments and for rural development,
- maximum possible flexibility for Member States to implement the payment systems and transitional arrangements that best suit their farming conditions.

Throughout 2010 there was a growing awareness of the intrinsic high value of the agri-food and fisheries sector to the economy and of its ability to contribute to national development. The international outlook for food availability and prices is underpinned by the need for global food production to increase by 70% to meet expected population demands by 2050. Our aim, through harnessing the goals in Food Harvest 2010 is to position ourselves to meet the challenge that this presents.

I am happy, Chairman, to deal with any questions or comments that the members of the Committee may have.