

Written Ministerial Statement

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Agriculture and Rural Development

Common Agricultural Policy: Transfer of Moneys from Pillar 1 to Pillar 2 Budget

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Mrs O'Neill (The Minister of Agriculture and Rural Development): I wish to make a written statement to the Assembly to advise Members of my decision regarding the transfer of monies from the Pillar 1 to the Pillar 2 budget of the Common Agricultural Policy (CAP) within the north of Ireland.

The average transfer rate which I intend to apply is 7% for the 2014-2019 years. This will result in a total transfer of €137,482,128 from the Pillar 1 to the Pillar 2 budget.

The issue of a transfer between Pillars 1 and 2 of the CAP was part of my Department's consultation on the proposals for the Rural Development Programme 2014 – 2020, which was out for public consultation for 16 weeks from the 1st of July to the 21st October 2013. In addition, my officials gave presentations on these proposals at a series of consultation events across the north, and held several meetings with stakeholders and other interested parties to provide more detail on our proposals, and listen to their views.

In making my decision, I have considered carefully the range of opinions from stakeholders on whether funds should be transferred between Pillars 1 and 2 of the CAP. I have looked closely at how any transfer would affect the budget available to both Pillar 1 and Pillar 2, and the sources of funding that could be available to a future rural development programme.

The CAP is structured along two distinct Pillars. Pillar 1 provides for direct payments to farmers, such as the Single Farm Payment. Pillar 2 provides funding to the Rural Development Programme, which is a wide ranging package of measures that supports our agri-food industry, protects and enhances our environment and countryside and helps to improve the quality of life in rural areas.

The European Union's proposals for rural development provide for the option of transferring annually up to 15% of the Pillar 1 budget to Pillar 2. There is also an option to transfer up to 25% of the Pillar 2 budget to Pillar 1. Rates of transfer between the Pillars of the CAP for the years 2014 to 2019 must be declared by Member States to Europe by the 31st December 2013. If a Member State does not meet this deadline, there is a further option to declare a rate to Europe for the years 2015 to 2019

before the 1st August 2014. However, the declaration must be made on a Member State basis, and as England, Scotland and Wales all intend to declare their rates by the 31st of December, for that reason I must take a decision on the rate for the north of Ireland now too.

Under the European regulations, I have the option to revise the rates for scheme years 2018 and 2019 in 2017. However, the rates may only be revised upwards.

I consider the Rural Development Programme to be a key mechanism in delivering positive change in our rural areas and it is important that it is adequately funded. Similarly, I know how important direct payments are to our farm businesses. The Rural Development Programme will benefit our farmers through ensuring funding for farm capital investment and other farming facing measures, it will allow me to continue to protect our natural environment through a well funded agri environment scheme, and continue to provide support to our rural businesses and voluntary organisations, which are so vital to our rural communities.