# EXPLANATORY MEMORANDUM TO

**The Agricultural Commodities (Coronavirus)(Income Support) Scheme (Northern Ireland) 2020**

**SR 2020 No. 191**

## 1. Introduction

1.1 This Explanatory Memorandum has been prepared by the Department of Agriculture, Environment and Rural Affairs (the Department) to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.

1.2 The Statutory Rule is made under sections 1(1) and 2(1) of the Agriculture (Temporary Assistance) Act (Northern Ireland) 1954 and is subject to the negative resolution procedure.

## 2. Purpose

2.1. The purpose of this Statutory Rule is to provide a financial assistance scheme for milk producers, cattle producers, potato producers and sheep producers who have suffered a financial loss as a consequence of the COVID-19 pandemic.

2.2. The Scheme further provides that the Department shall invite applications for funding under the scheme, the details of conditions of eligibility for grants, the eligibility criteria and administration of payments and the terms and conditions under which any income support payments shall be made including provision for the recovery of payments where applicable.

2.3 The Statutory Rule also includes an appeal mechanism.

## 3. Background

3.1 The COVID-19 pandemic caused significant and long-lasting impacts on the agri-food production sector in Northern Ireland. Following the introduction of extreme social distancing measures (i.e. lockdown) a number of specific producers suffered financial loss due to the significant restrictions placed on the food service sector which represented a key market for those producers.

3.2 In order to respond to the COVID-19 situation, on 30 June 2020 the Minister of Agriculture, Environment and Rural Affairs, Edwin Poots MLA announced a £25M support package for the agriculture and ornamental horticulture industry. Up to £21.4M has been allocated for this scheme.

## 4. Consultation

4.1. The global COVID-19 pandemic had an immediate and significant financial impact on the agri-food production sector as a result of the collapsing markets and restrictions on movements for public health reasons and DAERA officials consulted with industry representatives to discuss the possible options for financial support.

4.2. DAERA officials had regular telephone contact with representatives of the Ulster Farmers' Union, the Northern Ireland Agricultural Producers Association, and with red meat and dairy processors on the proposal approach. Officials also engaged with the Assembly's Agriculture, Environment and Rural Affairs Committee.

4.3 The consultation with industry representatives also considered the implications of the support for businesses and self-employed persons announced by the UK Government as part of its wider response to the COVID-19 pandemic.

## 5. Equality Impact

5.1 The Department considers that the proposed Statutory Rule complies with section 75 of the NI Act 1998 and has screened this out of a full equality impact assessment. The policy is screened out as the funding support package will address hardship in the agriculture sector due to evidenced and verifiable financial losses specifically incurred as a result of the COVID-19 pandemic irrespective of the claimants Section 75 Category.

5.2 The Department recognises that the detailed Section 75 composition of the farming population within each of the sectors varies and this variation has been taken into consideration in making the decisions. The policy objective has been to mitigate market losses due solely to COVID- 19 as identified at sectoral level. The percentage compensation of that loss has been increased for the beef and sheep sectors in recognition of their weaker financial resilience and ability to withstand loss. While this may have a marginal indirect equality effect, it is justified by the policy need to support those farm business hardest hit financially as a direct result of the COVID-19 pandemic. 5.3 The amount of income support payable under the scheme is based on the significant reduction in the market prices paid for the products following "lockdown".

## 6. Regulatory Impact

6.1 A regulatory impact assessment is not required because the policy proposals do not have an impact (positive or negative) on the wider business community.

## 7. Financial Implications

7.1 It is estimated that this scheme will cost up to £21.4 million and funding for this has been agreed with the Minister of Finance and the Northern Ireland Executive as part of the response to the COVID-19 pandemic.

## 8. Section 24 of the Northern Ireland Act

8.1 This Statutory Rule complies with the provisions set out in Section 24 of the Northern Ireland Act 1998.

## 9. EU Implications

9.1 Commission Communication 2020/C91 I/01 on the Temporary Framework for the provision of de-minimis aid in relation to addressing the impacts of COVID-19 in the agricultural sector. The Temporary Framework provides for an increased de-minimis threshold of Euro 100k for per undertaking active in the primary production of agricultural products. The Statutory Rule requires that grant awards are compliant with the Temporary Framework, including that no undertaking may receive grants totalling in excess of Euro 120,000.

## 10. Parity or Replicatory Measures

10.1 The measure does not replicate, nor is it required to maintain parity with, legislation in other administrations. The Government Departments with

responsible for the agri-food production sectors in each of the devolved administrations have taken separate approaches. DEFRA provided a limited financial support scheme to milk producers.

## 11. Additional Information

11.1 For further information contact Steven Millar (028 9052 4239) at the Department of Agriculture, Environment and Rural Affairs or e-mail Steven.Millar@daera-ni.gov.uk.