

# EXPLANATORY MEMORANDUM TO THE BEEF CARBON REDUCTION SCHEME REGULATIONS ( NORTHERN IRELAND ) 2023

S.R. 2023 No. 212

## 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 exercise of the powers conferred by section 9 of the Agriculture Act (Northern Ireland) Act 1949<sup>(1)</sup> and Articles 52(9) and 70(4) of Regulation (EU) No 1307/2013 of the Parliament and of the Council of 17 December 2013<sup>(2)</sup> and is subject to the negative resolution procedure.

## 2. Purpose

2.1. The purpose of this Statutory Rule is to introduce the Beef Carbon Reduction Scheme. The Scheme provides for payments to be made by the Department of Agriculture, Environment and Rural Affairs to eligible farm businesses in relation to the slaughter of bulls, heifers and steers which meet the eligible animal requirements.

2.2. And also provides for eligibility criteria, amounts of payment and enforcement powers, including repayment provisions and criminal offences.

## 3. Background

3.1. The beef sector faces challenges in terms of its economic resilience, viability and exposure to volatility. To help to address this, a payment will be provided through the introduction of the Beef Carbon Reduction Regulations (Northern Ireland) 2023, designed to encourage and incentivise improvements in beef sector efficiency along with driving improvements in carbon efficiency contributing to the Climate Change Act (NI) 2022 targets.

3.2 This payment will be in addition to the existing Basic Payment Scheme (BPS) and the proposed introduction of a Farm Sustainability Payment in 2025 aimed at improving farm resilience.

3.3 While the Beef Carbon Reduction Scheme payment will be an additional payment to farm businesses alongside the Basic Payment Scheme, payments will be funded from the same ring-fenced budget amount and as a result the amount received for Basic Payment Scheme will decrease to accommodate the Beef Carbon Reduction Scheme payment.

3.4 The Beef Carbon Reduction Scheme as part of the Beef Sustainability Package in Northern Ireland is designed to assist the beef sector contribution to achieve the four desired overarching Programme outcomes of increased productivity,

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(1) 1949 c.2 (N.I.)

(2) EUR 1307/2013

environmental sustainability, improved resilience, and an effective functioning supply chain.

#### **4. Consultation**

4.1. Formal written Consultation on Future Agricultural Policy Proposals for Northern Ireland was carried out in 2020.

4.2 The former Minister subsequently announced a raft of future agricultural policy decisions in March 2022, including the introduction of the Beef Sustainability Package (BSP). The Beef Carbon Reduction Scheme constitutes one of two measures under this package, the other being Suckler Cow Premium. Northern Ireland has not had a headage scheme in almost 20 years.

4.3 The Beef Carbon Reduction Scheme has been developed with stakeholder involvement throughout the finalisation of the policy for introduction on 1<sup>st</sup> January 2024.

#### **5. Equality Impact**

5.1. The Department considers that the proposed Statutory Rule complies with section 75 of the Northern Ireland Act 1998 and has screened this out of a full equality impact assessment.

5.2. The scheme design has been developed with relevant stakeholder engagement.

#### **6. Regulatory Impact**

6.1. A Regulatory Impact Assessment has been completed for the Beef Carbon Reduction Scheme.

6.2 The scheme design has been developed with relevant stakeholder engagement.

#### **7. Financial Implications**

7.1. The Beef Carbon Reduction Scheme is due to be funded from HMT's ring-fenced agricultural support budget. Of these costs, £3.5m in 2023/24 and £26.4m per annum for the subsequent years of the scheme, will be funded from HMT's ring-fenced agricultural support budget.

#### **8. Section 24 of the Northern Ireland Act 1998**

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. Article 10.2 of the Northern Ireland Protocol provides for a derogation from EU State aid rules where they are applicable to the UK in respect of measures to support the production of and trade in agricultural products in Northern Ireland. This derogation is subject to a maximum annual level of allowable support as decided by the Joint Committee Decision of 17 December 2020 (baseline £382.2m per annum). As subsidies granted pursuant to this measure are exclusively provided in support of agricultural product sectors and UK authorities have not yet made any additional

spending commitments with respect to the 10.2 limit, it is considered that the measure meets the conditions for the derogation.

## **10. Parity or Replicatory Measure**

10.1. The Beef Carbon Reduction (Northern Ireland) Regulation 2023 apply to Northern Ireland only. The measure does not replicate, nor is it required to maintain parity with, legislation in other administrations.

### **Additional Information**

11.1. For further information contact George Moffett, Agricultural Policy division, Department of Agriculture, Environment and Rural Affairs, [George.moffett@daera-ni.gov.uk](mailto:George.moffett@daera-ni.gov.uk)