

EXPLANATORY MEMORANDUM TO

The Sea Fish Industry (Coronavirus) (Fixed Costs) Scheme (Northern Ireland) 2020

SR 2020 No. 76

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 in exercise of the powers conferred by section 15(1) and (2) of the Fisheries Act 1981, as read with paragraph 2(1) of Schedule 2 to the Sea Fisheries (Northern Ireland) Order 2002.

2. Purpose

- 2.1. The purpose of this Statutory Rule is to provide a financial support scheme in the wake of the COVID-19 pandemic to assist with the fixed costs of sea fishing vessels in the Northern Ireland fleet whose incomes have been significantly affected.
- 2.2. The Statutory Rule provides that the Department shall invite applications for funding under the scheme, the details of conditions of eligibility for grants, the amount of grants payable, and the closing date for applications.
- 2.3. The Statutory Rule also includes an appeal mechanism and a provision for the recovery of grant where applicable.

3. Background

- 3.1. The unprecedented global COVID-19 pandemic had an immediate and significant financial impact on the sea fish catching sector across the United Kingdom due to the collapse of key export markets and restrictions on movements for public health reasons. Each of the UK Fisheries Administrations considered financial support measures for their respective fishing industries as part of their COVID-19 response to the collapse in export and domestic markets for fish.
- 3.2. In Northern Ireland the COVID-19 crisis immediately affected high value shellfish (e.g. crabs, lobsters, whole prawns) that would normally have been exported to Europe and the Far East. Demand for whitefish (cod, haddock) and prawn tails (scampi) then reduced significantly as the UK Government introduced restrictions on movements which meant that restaurants and other establishments in the hospitality and catering sectors closed.
- 3.3. In order to respond rapidly to the COVID-19 situation, on 3 April 2020 the Minister of Agriculture, Environment and Rural Affairs, Edwin Poots MLA announced a £1.5M support package for the sea fishing fleet to assist with their fixed costs over a three month period.

4. Consultation

- 4.1. The global COVID-19 pandemic had an immediate and significant financial impact on the sea fish catching 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. The regular conference calls involved key industry stakeholders in the sea fishing industry including the Anglo North Irish Fish Producers' Organisation, the Northern Ireland Fish Producers' Organisation, the North East Lobster Co-operative and the North Coast Shellfish Association and Seafish.
- 4.3. The conference calls 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 screening out is based on the application of the scheme to all registered vessels in the Northern Ireland fleet less than 28 metres in length, and the most equitable allocation of funding based on identified need and that a vessel's fixed costs generally increase depending on the size of the vessel.
- 5.2. The Department considered it most important in the unprecedented COVID-19 circumstances to have a simple method of deriving costs to allow payments to be made quickly as the need was urgent. The amount of grant payable under the financial support scheme is based on average fixed costs for vessels within certain size segments. Monthly payments are based on economic data for NI fishing vessels supplied by the Sea Fish industry Authority.
- 5.3. All of the active Northern Ireland fishing fleet will be able to apply for the financial support available except for 3 larger pelagic vessels in fleet which are highly profitable and do not fish during March – May.

6. Regulatory Impact

- 6.1. This Statutory Rule provides financial support for those fishing vessels in the sea fish catching sector that need it most during the unprecedented COVID-19 pandemic. The financial support available is based on average fixed costs for NI registered vessels supplied by the Sea Fish Industry Authority.
- 6.2. The financial assistance available is based on 4 separate length bands of fishing vessels, under 10m, 10-11.99m, 12-14.99m and 15m+ respectively. The Sea Fish Industry Authority (Seafish) UK statistics for NI vessels show that fixed costs rise broadly in line with vessel size.

- 6.3 The variable amounts of grant based on the 4 categories of vessel lengths were accepted by the industry as it generates the most equitable distribution of available funds among vessels based on need, whilst balancing the need to provide support within a reasonable time frame.

7. Financial Implications

- 7.1. It is estimated that this scheme will cost £1.5 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 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. 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 fisheries sector specifically excludes the provision of tie-up aid. Therefore the proposed Statutory Rule would support vessels whether they tie-up or not. This gives flexibility for the vessels take fishing opportunities when they arise with the potential to fish profitably on a marginal cost basis during the support period.
- 9.2 The Temporary Framework provides for an increased de-minimis threshold of €120k (approximately £104k) for undertakings in the fisheries sector. This should give sufficient headroom for undertakings with multiple vessels to receive sufficient support for each vessel. The Statutory Rule requires that grant awards are compliant with the Temporary Framework, including that no undertaking may receive grants totalling in excess of €120,000.

10. Parity or Replicatory Measure

- 10.1. The Government Departments with responsible for fishing in each of the devolved administrations announced separate financial support schemes to provide assistance to respective fishing industries in Scotland, Wales and England.

11. Additional Information

- 11.1. For further information contact Paddy Campbell (02844618007) or Patrick Smith (Tel. 028448618111) at the Department of Agriculture, Environment and Rural Affairs or e-mail patrick.smith@daera-ni.gov.uk or seafisheries@daera-ni.gov.uk.