

Analysis of Appeal by LAG Administration Staff

Re: IE31WAT100022 - Vinilo Bakery Machinery project - Appeal

Meeting: 11.00am on the 28th August 2024, Catherines Hall

Present: Sinead Breathnach (SEO), Orla Kelly (AO), Jonny Codd (SO)

The 2023-2027 LEADER Programme Operating Rules (No. 23) allows for a right of appeal by project promoters to funding decisions by the LAG. Waterford Leader Partnership received an appeal on the 19th August 24 from the Vinilo Bakery in relation to the decision not to fund the project by the LAG at their meeting on the 18th July 2024. As part of the Appeals process, a Stage 1 Review will now be undertaken by the LAG to uphold or reject this appeal.

As part of the Stage 1 Review, a meeting of the above staff took place to review the project's application form, minutes of the Evaluation Committee Meeting/ Decision sheets, the Appeal form received and the 2023-2027 LEADER Programme Operating Rules.

The Evaluation Committee cited the following as the reasons for not recommending the project for funding:

- 1) *The project and the proposed expansion would be considered retail and therefore will cause displacement.*

Following review of the relevant documentation, we recommend this appeal in respect be upheld on the following basis:

1. The issue of displacement of similar businesses.

Rule 6.6.6 of the 2023-2027 LEADER Programme Operating Rules states "*displacement occurs where an activity funded using public funds impacts negatively on a similar activity elsewhere. It may often lead to market distortions.*"

The project promoters confirmed in their appeal that reference they made to expansion in their application form was in relation to potential to open further retail outlets and that they have not, nor are they currently searching for a property in any town. The application form (No.11) includes that any such expansion to other towns would only be focused on towns that do not have a similar sourdough bakery.

The appeal also advises that Vinilo Bakery is the first and only bakery in Lismore making sourdough and croissants within 30kms of the town and so, no businesses have been displaced by Vinilo Bakery.

It is our interpretation, that given the above and that there are no immediate expansion plans to other towns, that funding the replacement of Vinilo Bakery's old deck oven, with a newer more efficient and sustainable oven, would not cause displacement.

2. The issue that the business should be excluded as a retail operation.

Rule 6.6.2 of the 2023-2027 LEADER Programme Operating Rules states that aid shall not be awarded in respect of conventional retail operations, "*excluding community-based shops and farm shops, outlets selling locally produced produce.*"

Vinilo is an artisan bakery, where all products are hand made from scratch (like any other artisan producer: cheese, jewellery, ice-cream etc.) Vinilo sells its handmade products through an outlet, but we would interpret this would not be considered a conventional retail operation, as defined by the Operating rules.

Given the above, it is our interpretation that Vinilo Bakery would not be considered a conventional retail operation, as defined by the Operating Rules.

Recommendation

The decision to reject or uphold the appeal rests solely with the LAG.

The LAG may deem that the following conditions should apply in the event of the appeal being upheld:

- I. In relation to displacement, the decision to uphold the appeal may be conditional on Vinilo Bakery agreeing not to expand to any other town / location with an existing, similar sourdough businesses within a 5-year period of receipt of funding, if successful.
- II. The machinery funded is only to be used to produce artisan, handmade products.