



Northern Ireland
Assembly

Committee for Agriculture and Rural
Development

OFFICIAL REPORT (Hansard)

Agri-Food Strategy Board — Report and
Recommendations: AFSB/DARD/DETI
Briefing

21 May 2013

NORTHERN IRELAND ASSEMBLY

Committee for Agriculture and Rural Development

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Members present for all or part of the proceedings:

Mr Paul Frew (Chairperson)
Mr Joe Byrne (Deputy Chairperson)
Mr Thomas Buchanan
Mr Trevor Clarke
Mrs Jo-Anne Dobson
Mr William Irwin
Mr Declan McAleer
Mr Kieran McCarthy
Mr Oliver McMullan
Mr Ian Milne
Mr Robin Swann

Witnesses:

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| Mr Tony O'Neill | Agri-Food Strategy Board |
| Mrs Colette McMaster | Department of Agriculture and Rural Development |
| Mr David Thomson | Department of Enterprise, Trade and Investment |

The Chairperson: I welcome Tony O'Neill, chairman of the Agri-Food Strategy Board; Colette McMaster, grade 5 in the Department of Agriculture and Rural Development (DARD); and David Thomson, deputy secretary in the Department of Enterprise, Trade and Investment. You are very welcome to the Committee. Thank you very much for your attendance. Tony, I am sure that you have something to say by way of a presentation before we go into questions. Without further ado, thank you very much.

Mr Tony O'Neill (Agri-Food Strategy Board): Thank you for inviting me to update the Committee today. It is very timely. You are all aware that we published our report last week, which, I am pleased to say, seems to have been well received across the board. We published the report following just over a year's work. It is funny that when you sit down and look at it, it did not really seem like a year, but it was an anniversary within a few days of its publication.

Our agreed vision for 2020 is:

"Growing a sustainable, profitable and integrated Agri-Food supply chain, focused on delivering the needs of the market."

I will take a few minutes to update you on the main targets of it, and then I will open it up to the Floor to ask questions. The fundamental approach that we have taken is that we are one supply chain. We

are very conscious that a lot of people talk about farmers and processors as two separate things, but the truth of the matter is that we are joined at the hip. Sometimes, we may not be as friendly as that, but we are one and the same supply chain, and it is fundamental that we act and are treated as one.

You will have seen in our report that our target is to grow our turnover by 60% by 2020; grow employment by 15% or 15,000 jobs; grow sales outside Northern Ireland by 75% — that is fundamentally what the whole project is about; that is, to sell outside Northern Ireland and bring value back into the economy — and grow added value by 60% to £1 billion in the Northern Ireland economy.

The report contains 118 recommendations. Some are relatively fast and we can do them very quickly, and some will take considerable time and effort and will take longer to achieve right across the sectors. The report, as you have probably gathered even in the executive summary, is in two parts. We set out with a review of each of the sectors and found that there were so many things that were common right across the sectors that we consolidated those into the front of the report, which has overarching themes that apply across all sectors.

The seven key strategic themes are: the growing market share; working together, that is, industry and government; sustainable growth, because everything that we do has to be sustainable for the longer term; innovation; entrepreneurship and skills; better regulation; financing growth, which is a major topic in today's economy; and food security. We have tagged that in behind the food fortress approach.

Our recommendations include four fundamental things, which are to create bodies for the following: marketing, to help us to sell our product across the world; innovation; skills and entrepreneurship; and, on the industry side, to join hands so that there is one voice speaking for industry. Those things are pretty clear in real terms. Innovation is a classic. In the course of our work, we found that we had 104 different places to go to talk about innovation. If you consider that Northern Ireland is a very small place, it is very difficult to say why we need so many different places. So, part of the challenge is knowing where to go for particular expertise or help. In a way, that typifies the issue and the reason why we have said that we want one body.

The single marketing organisation is clear. It has been recommended in previous reports on agrifood. It has not been implemented but it is as valid today as it has ever been. That is to gain market access across the world for our products. That will then allow the industry to sell into those markets because in many of the places that we go to sell our products, we do not have licensing and facilities available to allow us to sell in those countries. So, there is work to be done in respect of opening markets and getting market access and then the marketing and selling activity that goes along with that.

Communicating what we do best is what is selling our products. We produce food with passion, quality and environmentally friendly credentials. The green image is something that we have in our toolbox, and we need to maximise that across the world. We build on our green image, we build on our small farm infrastructure, and we build on sustainability.

We have made the point, and we repeatedly make the point, that the industry has to be profitable to be sustainable, right across the supply chain. There has been, and continues to be, tension between the farming community and processing, and we are saying that the two things have to act together. We have to be sustainable, we have to be profitable to survive, and we need to act as one. We need to be market-focused, and I have been controversial enough in the past to suggest that many farmers grow animals that are not necessarily meeting the needs of the market. So, the market has to drive our whole experience, and we have to make sure that we are growing animals and produce that meets market needs and expectations. That means that a huge amount of that market intelligence has to be channelled back from the processing sector, and you have it in the normal course of events back down into the producer section.

We must develop an innovative, integrated supply chain. That is a wide-ranging challenge. We need clear communication on what we are doing and why we are doing it. We need to share best practice more so than we have done in the past and — going back to what I was saying earlier — we need specific training and development to meet the market requirements. We have to work on a common plan across the supply chain. Recognising that we are looking for a fundamentally different approach in farming and processing, we are calling for a farm business improvement scheme, which will require significant funding from the Executive. When I say "significant funding", I see that as being £250 million, supported by £150 million in other areas of the project.

That investment from the Executive will unleash significant investment right down through the supply chain, and we have estimated that at £1.3 billion. So, at the moment, the total that we are looking at is about £1.7 billion or £1.8 billion. We are working on a timetable that suggests that those are 2020 targets, but, frankly, a lot of that can be front-ended and fast-tracked if we have the right approach and attitude to it. We are suggesting that that £400 million is a three-year commitment starting virtually immediately. We can do this over a longer period, but it would miss a lot of opportunities that are available to us today. We are calling on the supply chain to act collaboratively right down through the chain, and we are asking for the Executive and the various Departments to do that as well. It is critical that we get a much more business-friendly outlook from many of the Departments and operate on a risk-based model rather than the current way that many Departments operate.

Our recommendations are challenging, and I understand that. They are big enough to make all of us stand back and think about it, but, equally, I think that challenging targets are what we all live for. On the industry side, we are fairly confident that we can do this. Our challenge, in practical terms, is whether government can move at the same pace as we wish to. The environment that we are in today is, I think, the best we have ever seen in the context that the Executive and the political arena recognise food today. The economics are clear. We have been successful in trying times when no one else has. All those factors are putting opportunities on the table today for agrifood. That is complemented by the recent move to local sourcing by many of the retailers. That opportunity is on the table today, but that is not to say that it will be there in three years' time if we do not take it now. It is sitting there ready for us to pick up. We have got to pick it up and secure it now, or, coming back in a few years' time, we will find that it is not there available to us.

I believe that this is a partnership in every sense. My fellow board members and I are in place for another two years to monitor, push and encourage the implementation of the plan. We look forward to working with you to make it happen.

The Chairperson: Thank you very much, Tony. Colette and David, do you want to mention something at this stage?

Mr David Thomson (Department of Enterprise, Trade and Investment): Not particularly, Chairman. You will have spotted that Ministers have been very supportive of the process to date and of the document. In their statements last week, they said that they want to look very seriously at it. The task for us now is to go to Ministers and agree how we implement the action plan.

Mrs Colette McMaster (Department of Agriculture and Rural Development): I think that is right, and our Minister has made that clear as well. She has welcomed the recognition that the industry overall depends on a strong, profitable, sustainable producer base and supply base. We have just received the report ourselves, so we need to look at that now and start assessing its implications.

The Chairperson: Thank you very much for your opening remarks. First of all, these are exciting times for agrifood. There is no doubt about that. I also commend you, Tony, and your board, for the report and its layout. It is certainly an easy read, and there are certainly a lot of recommendations — up to 118. You have clearly labelled where the responsibility lies for each recommendation. Everyone in the media is talking about the figure of £400 million investment over the next three years to lever £1.3 billion from the industry. Had you any basis or assurance from either of the Ministers — or the Executive for that matter — that that is the ballpark figure that you were aiming for, or is it a figure that the board has come up with itself?

Mr T O'Neill: The board has generated that. It is, effectively, our ask. I have to say that there has been no political interference in the report. It is entirely ours. The recommendations are ours and the funding is ours. The suggestion of the Departments is a best guess, because the responsibility may or may not be as clear as we have defined it, but it is to give as much focus as we can in the detail of the report. Clearly, the Departments will now have to decide whether those actions are really theirs or not. We certainly expect that debate to happen with us. We know that.

The Chairperson: No matter what way this session goes, please do not think that we are pouring cold water on the report. It is our job to scrutinise and try to get down into the detail, so please take it as that. I see "industry" right across the report and the notes that I have read. Who is "industry"? A lot of the recommendations are put down as "industry must do this" or "industry must do that". You have rightly talked on many occasions, and indeed today, about the supply chain and the different sectors within it. Are they all, as an industry, on board? Is the destiny of the recommendations for industry to

deliver? Let us take retailers, which play a major part in some of the recommendations. Are they fully on board, or are we still in the sphere of influencing them and trying to bring them on board?

Mr T O'Neill: They have been involved in the process, but we would be naive to think that it is done simply because we said that. We expect that we will have to continue to work with the retail side to make that work. However, we are pretty confident that that can happen. As individual companies, we have had discussions with various customers, and we know where they are going. In most cases, we are pretty confident that those things are deliverable. Frankly, we are talking about over a number of years, so things that are difficult today will be almost a given in two years' time.

The Chairperson: One of the recommendations is:

"The many and varied organisations and interest groups representing the industry are collapsed on a phased basis over an agreed timescale to form only four organisations, each representing"

marketing, innovation funding, skills and entrepreneurship, and industry, which is basically a:

"co-ordinated and an effective voice of the interests of the industry".

The report very clearly shows the way we must go. The problems will be in the implementation. I am even interested in the choice of words there: "collapsed on a phased basis". That is very provocative language, which is not necessarily a bad thing. How do we get that process to start? Is there a discussion to be had about what groups go first and how that starts to happen?

Mr T O'Neill: First, clearly, we need the various Ministers to accept the recommendations. One of the easy ones, although controversial, is that we want one marketing organisation. That has been talked about for a number of years. It is a key recommendation. It means that we expect, for instance, that the Livestock and Meat Commission (LMC) will be folded into that organisation. LMC change will require legislation, which will take time, assuming that we have agreement in principle. We think that we can implement some of the easier parts of marketing in a matter of months. However, things like LMC will take longer. That is why we said "phased". Some of the things we see as relatively easy. They can be done simply by making the decision and doing it in a matter of months, whereas some of the things will take longer. That is why we have used that term. The danger was that some of those things could be held until the longest possible timetable because some of the things are difficult. We deliberately said "phased" so that the easy bits can be done now.

The Chairperson: The "Working Together" section is on pages 28 to 30. This is something that interests me, especially when we talk to lending establishments — banks, building societies and everything else. They use the conacre system all the time. One of the very clear recommendations in your report is to:

"Overcome the barriers to shared land use through rental or conacre posed by the interpretation and application of the tax regime (including Inheritance Tax), and Single Farm Payment. Longer-term lease of land must be facilitated to encourage tenant investment in improving the effective use of land, our most valuable resource".

It goes on:

"Develop optimum business models for each sector and form commercial scale pilot programmes in order to prove the model before roll out across the individual sectors".

Again, it is very clearly stating where we need to be, but how do we go about breaking down the conacre system and put in place something that is more long term and will bring more certainty and stability to the industry?

Mr T O'Neill: As with many of these recommendations, implementation and detail are key. That is why we believe that this has the greatest chance of success: we are still there to make sure that the words that we have written down are what we implement. We have already had meetings with experts on what prevents us from putting a longer-term contract in place. We have obviously had that discussion in collaboration with the Ulster Farmers' Union, because many of the issues with the longer-term lease of land are in the farmer's head. The limitations are not as difficult as people perceive them to be. So, we have been talking about doing an education programme, through the

Ulster Farmers' Union, for the farmers to say that this is actually a good thing and that the Ulster Farmers' Union supports it.

So, there are a number of things that we can do together as a supply chain to move some of these things along. There are some that will be much more technically difficult, and in that context, we have to get those people in a room to discuss how we get past those obstacles.

Our task is to agree that we are going to do this and then set up working groups made up of the right experts to find a way around the obstacles. Some of the obstacles are in our heads and some of them are real, and we have to identify which is which and sort out the detail of how to get past them.

The Chairperson: Am I right in saying that that recommendation is a short-term goal? It is very highly ambitious, because the issue is a mindset as much as anything.

Mr T O'Neill: It is, but I still have the view that the Ulster Farmers' Union going out and positively saying that it supports the proposal will move a lot, because a lot of the issues are based on suspicion: they are afraid that someone is going to do something nasty. If the Ulster Farmers' Union goes out and says it is OK, most farmers will believe and accept that, whereas if I say it, they will say, "He is up to something". So, it goes back to using our collective experience to say what the best way is and, on this particular issue, say that we have had that conversation.

We were surprised, I have to tell you. We had tax experts come in and present to us on how to get past the issue. We were surprised to find that, after two hours, the issues were not as big as we had perceived them to be, to the point where the members in the room that were from the producer side were sitting down with the experts saying, "This is how we do this and move this thing forward", which was interesting. That kind of thing can move on now, regardless of acceptance of the principles of the report.

The Chairperson: With regard to the report itself, I do not mean to be controversial here —

Mr Byrne: Do be, Chairman.

The Chairperson: I have to be careful with the media, because we do not want horror stories to come out. Although it does not actually say this — I have not read it yet, right enough, in the report; it might be there — are we saying that, to make this industry really work the way it should, we need fewer processors and larger farms?

Mr T O'Neill: We are saying very clearly that we must be competitive. In some cases, that means exactly that. We need farms of a scale, because part of the campaign that we have had to wade through this past year has been farmers basically saying, "pay more". There are some cases where, frankly, you cannot pay enough to make a farm efficient. If a farm is not of a scale to support a family, it is not of a scale to support a family; you cannot pay enough to make that work. So, we have to have scale in our farms and farms have to be efficient. We are saying that in the farm business programme that we are doing that we should be applying our collective expertise to identify the scale that a farm has to be on, how it can be efficient and how it fits into the supply chain to give it a viable future.

That means that some farms simply will not fit that model. If you like, the social element of that is a different debate and must be recognised as such. If we want farmers to maintain the neighbourhood, that is OK. That is what we all want. However, you cannot then hide behind that farm being paid £5 a kilo of beef. That is not going to happen; it is not real. So we have to have a very clear view as to what is achievable and how to make it work. There are lots of things that can be done relatively easily to make that viable quickly.

Clearly, we have an easier task with pigs and poultry, because they are relatively short term, whereas beef and dairy is a longer-term programme. We have a view of how that works, and we expect to get into a room with the experts to agree the shape of that model and move it forward.

The Chairperson: I will try to keep the questioning at as high a level as possible, although I know that some members may want to delve into the sectors more.

Mrs Dobson: I declare an interest; my husband is one of those beef and cereal farmers to which you referred.

Tony, I again praise the work of you and your team in producing this action plan. As you know, and I have said it to you personally, the proof of the pudding will be in the delivery by government and the industry. We, as a Committee, can push government, but what pressure is the board able to exert on the industry to act on the "Industry must" section in the report? Some farmers have said to me that the report cannot achieve anything for farmers when processors and supermarkets continue to make profits in the millions and our local farmers are effectively producing below cost. So, what specific measures are there in the report to address that? Surely our local processors realise, including those quoted in today's 'Belfast Telegraph', which I read with interest — I do not know whether you have seen it?

Mr T O'Neill: No, I have not.

Mrs Dobson: I will lend you my copy before you leave.

Mr T O'Neill: I will buy one on the way out.

Mrs Dobson: All the top processors are quoted, without the farmers. I would like to have seen some actual farmers quoted in the paper, although that is nothing to do with you; it is editorial. However, without our farmers, they would not be able to employ so many people or achieve the 15,000 new jobs in the industry. So, do you feel that that is realised sufficiently across the elements of the supply chain, and particularly by the producers? You made me smile at the start of your presentation, when, if I noted it down right, you said that you are joined at the hip and were as one in the same supply chain. Were you referring to being joined at the hip with farmers?

Mr T O'Neill: Yes. Remember that we have spent a year building relationships with farmers. I think that this process has been unique in that we have had farmers in the room, working with us in building this plan. Frankly, I think that even that process has been beneficial.

Mrs Dobson: OK. So, will you elaborate on some of those points?

Mr T O'Neill: I could not. They were in camera; that was secret.

We have had many very robust discussions with farmers and processors in the room. Were you to ask those guys today, I think that they would say that their engagement was very positive. We think that we can actually make this work and move it forward, and move it forward together. That is not to say that it will be easy; we would be naive to say that.

However, we have seen enough progress and we have identified enough positives to lead us to think that this can be made to work, and fairly quickly. It depends on how quickly the Executive can get behind this. When we talk about simple things such as farm modernisation — remember that I am not an expert, so I need my collective of experts in the room with me. I keep saying to people, "Why can we not more closely model the farmers on the poultry sector?". Efficiency is the key thing, so you have to manage genetics and the growing and processing regimes. They all nod their head and say, "You don't know what you are talking about, Tony". If I am to influence the genetics of the dairy or the beef herd, I have to go back to the control at the start of that process. I think that it would be relatively simple for us to have a programme in place through DARD to provide the sexed straws to allow us to start the genetics in our herds, whether they are dairy herds or beef herds.

So, those are relatively simple things that you could put in place that will generate benefits very quickly in the medium term. If we provide the right genetics to the dairy side through sexed straws, we will immediately put value into the offspring. There are simple things that can immediately help farmers that are very positive. However, there are many things that will take a longer time and will be much more difficult. I accept that.

Mrs Dobson: You do not have any, other than the one that you have outlined? There are no others —

Mr T O'Neill: I have many, but that is a simple one that could be put in place very quickly. Remember that we have to get to the bit about growing the right herd. By putting sexed straws in, you could, as I said, immediately dictate the genetics for the next three years.

Mrs Dobson: Tony, you highlighted the unnecessary duplication that exists across the industry. Surely the Department has a lot of work to do on this issue? We know that its performance to date has been woeful. Do you have confidence that it will, once and for all, be able to reduce bureaucracy across the industry? Have you discussed any specific areas with them that will be prime targets for the reduction of paperwork and duplication?

Mr T O'Neill: We have not discussed the paperwork in detail. However, for instance, we have discussed how we can grow the sectors over the next few years with the planning and environment sides of the Department of the Environment. I am sure that, on many occasions, you have all heard me say that that is one of my obstacles. I can tell you that the Department has reacted to that, and we are discussing how it can facilitate development in industry. So far, the signs are good, but we will see how it delivers.

Mrs Dobson: I have one final quick question. You made a number of recommendations for the beef and sheep industries. However, the reality is that sheep farmers have bought 9,000 tons of meal this year at a cost of roughly £4.2 million, and dairy and beef farmers have spent £7.2 million, which, as we know, is a 25% rise in the meal bill. Surely these dire situations cannot be overcome through your recommendations. We know that farmers will need to import even more of their feed next year because of the weather that we have had. Do you feel that these added costs will influence the growth of the industry?

Mr T O'Neill: I actually do not think so. We all understand that the past 18 months have been abysmal for farmers in Northern Ireland, but the cost of feeding animals is rising all over. The UK is now a net importer of commodities, whereas two years ago, it was exporting. So, the playing field is gradually being levelled. The cost of feeding animals in Northern Ireland is getting pretty close to the cost of feeding them in England. You have heard me say before that, in the past, that has been a spur for us to be more competitive and that it has made us what we are.

I think that the conditions are gradually levelling out. They are not there yet, but I think that, in the next few years, we will find that the industry in Northern Ireland is not disadvantaged relative to the rest of the UK or the Republic of Ireland.

Mrs Dobson: Finally, it is highly likely that production will be down across the industry next year. Have you factored that into your thinking about the 15,000 extra jobs? If those jobs are in the processing factories and there are fewer animals coming through, what will they be doing?

Mr T O'Neill: The answer is that we have not. I make the point that that is a 2020 target. To be perfectly blunt, I think that, if we join hands, we can do this in three years; it should not take us seven years. We can make up the, if you like, hesitation at the start and in some sectors, including pig and poultry, we can start immediately. It will take longer for some of the other sectors to come up to speed, but I think that it is very doable.

Mr Irwin: I suppose I may declare an interest as a farmer myself. Tony, I congratulate you as chairperson on an ambitious and challenging report. It has probably been a first for Northern Ireland in its detail and the prospect that it is doable. The past 18 months have been very challenging for us as farmers right across Northern Ireland, but most farmers are eternal optimists, otherwise they would not be farmers. Hopefully, we will get better weather and things will improve. I noticed that in respect of poultry and pigs — especially poultry — there is a big opportunity for increase. What percentage of poultry meat and pig meat is imported into the UK? Those are two questions I wanted to ask you. The other was in relation to pig meat, and Joanne touched on it. On pig meat, your report says:

"commodity price squeezes and delays by supermarkets in recognising cost increases pose problems for the sector."

You could say that about a lot of sectors. Is that not right? For many years, farmers of arable crops and fruit and vegetables have faced a difficult task in that they do not receive the single farm payment and do not have any subsidies to help them along the way. They are finding it very difficult, but those whom I know are very resilient. Many years ago, I was involved in that sector, so I know something about it. It can be very difficult.

You state in the report that a farm business improvement scheme needs to be developed. I would welcome that. It is a must to move forward. In recent years, the primary producer has not received enough profitability to let him reinvest and increase.

I wonder what your thoughts are on another issue. Some people say that, in Northern Ireland, for pigs and poultry, we have to import all our feed and then export all our produce. Do you still feel that that is doable?

Mr T O'Neill: Very much so. In a funny way, the change in weather is very supportive for Northern Ireland. You have got me on my soapbox. We talk about land availability and water availability being key issues for the future. Some days I say that we are in the future already. We do not have a problem with water. In the south-east of England, we are already seeing a change in the ability to grow because of the change in the weather patterns. Either it is flooded or there is no water, and we know that because we are operating in those parts of the UK where we are now seeing that we have a problem with water supply, whereas, frankly, five years ago, you would not have dreamt of it. So, the environment is changing very much in our favour, and, as I was saying a few minutes ago, the UK is no longer self-sufficient in commodities. Today, we have a disadvantage in Northern Ireland because grain in England is cheaper. However, it is not that much cheaper, and it is moving very fast. In the next short number of years, the playing field between UK production of meat and that in Northern Ireland will be level, or as near as makes no odds. The traditional view that we are way out of the market and on the periphery of Europe is no longer the issue. The issue now is whether we have the ability and the appetite, if you like, to reach for the prize that is sitting on the table.

Mr McMullan: I congratulate you on your presentation at the show. Your report is very good indeed, but there are a few things in it. We talk about moving ahead and getting industry between now and 2020. Will the present Government in England's views on agriculture hold us back in any way? Look at the Department for Environment, Food and Rural Affairs and the present Prime Minister's views on Europe, for example.

Mr T O'Neill: I think you need to turn the microphone off. *[Laughter.]* To be brutally frank, I think that the current situation in England is in our favour. We are relatively small and should be fast on our feet. There are so many different agendas running in England, and although they are talking about the same thing — we should not underestimate that — and they are starting to act on agrifood, they are still significantly behind us. Provided we can move along fast, the difference in the two economies and the two approaches is in our favour.

Mr McMullan: OK. When we talk about genetics in the farming industry, to what extent are we talking about cloning or GM foods?

Mr T O'Neill: Currently, in Northern Ireland, we have the best animal database in Europe. If we were to extend that database and monitor the performance of particular bull sires, we could identify the ones that give the best growing performance and the ones that generate the right confirmation that the processors will pay for. So, simply by selecting the right sires and making sure that those are used, we can generate the right dairy cows and the right beef cows. That is not about bringing any kind of controversial science to the table. It is just natural selection and using what we know today.

Mr McMullan: I listened with interest to your speech at the show, in which you talked about global marketing. You said that we have to get out there and form relationships and alliances and all of that. How important is it for our Ministers and our government leaders to be seen abroad promoting the food industry?

Mr T O'Neill: We would say that it is critical. I use the example of China: the fact of the matter is that you will not trade in China unless you have a relationship. Political influence in China is significant beyond any other market. Quite bluntly, if our First Minister and deputy First Minister went to China next week and shook hands with the right man and he told his people that he wanted them to trade with Northern Ireland, we could do it immediately.

That is critical, and I made that point at the Balmoral show. It is part of the job. People who travel on business do not consider it to be a jolly. It is not a jolly. It is hard work in most cases. In my view, we want them out there at least twice a year and every year, not just once so that we can say that we have done it and go home.

When I go to China and have this conversation with senior people there, they say to me that the Irish have been there twice a year for the past 10 years but we have not been there at all. That is what you meet when you go to those countries. The fact is that it is good for Northern Ireland and good for our business. We would be very strongly in favour of much more travel by our Ministers.

Mr McMullan: Lastly, what relationship is there between ourselves and Bord Bia?

Mr T O'Neill: We have met Bord Bia and quite a number of the opposite Departments in the South and opposite functions. There are lots of things that we can do together. China, again, is a classic point. We all know that the further away you are from home, the easier it is to work together. It is also much easier to leverage funding out of Europe if we go across member states.

We have said here that we want our own marketing organisation. We would expect that organisation to work with Bord Bia in many countries in the world, from a pragmatic, common-sense point of view. Bord Bia has been in China for 10 years and it could open lots of doors for us. If we go to Europe together to look for marketing moneys, we will get a lot more money than we would get as an individual country. There are lots of things that we could and should do together.

Mr McAleer: I have just a couple of points. I obviously welcome the strategy and the success predictions that we are looking at here to grow sales and employment. I am just curious to know how much change that will require in how producers and farmers do things now. Will it require a lot of change, and can that be delivered over the next number of years? I am just curious to know as well whether you consider that the draft rural development programme 2014-2020 will give a shot in the arm to delivering the strategy?

Mr T O'Neill: I think that there is a significant amount of change in this, right across the supply chain. I think that the rural development programme will help, but it is not enough. It is not big enough or ambitious enough, so I go back to my ask, if you like, which is for £400 million in three years, not seven years. That clearly is not available in the rural development programme today.

Mr Byrne: I welcome the presentation by Tony and his two colleagues. I welcome the report in the generic sense that it is pointing to the development of the industry so that it can be of more significance to the regional economy. Given that it is one of the largest private sector industries, it is important that it is grown to its full potential.

Tony, you mentioned two figures in relation to the support that you are looking for from government. There is the £400 million, aggregating up to £1.7 billion, with £1.4 billion coming from the private sector. Then, on page 16, you mention £250 million for a farm business improvement scheme. Can you explain the difference between the two? Is that £250 million a subset of the £400 million or is it separate? Can you just explain that relationship?

Mr T O'Neill: Yes. We are talking about £400 million in total, £250 million of which is specifically for farm development. I have just talked, for instance, about setting up our marketing organisation, which we think will cost us something like £15 million a year. That will be part of the £150 million that we are talking about separately from the farm business improvement scheme. So, we are looking at two separate streams of work here. Clearly, the biggest amount is on farming. The total is £400 million, with £250 on farming and £150 million on miscellaneous things. We have costed every one of the recommendations in the report, and we have our views as to where that is and how to do it.

Mr Byrne: In relation to having a single joined-at-the-hip supply chain, I think it is recognised that there has been a disconnect heretofore, except maybe in the intensive sector where there is a stronger relationship between the primary producer and the processor, particularly in the poultry sector and a little bit in the pig sector, although there is not the same degree of relationship or contract of supply. You have a beef and a sheep sector. Given that there has been a decline in the cow herd — and they are quite a big producer on the farm end and, indeed, on the sheep end — what can we do to grow that sector? There is not much emphasis on how that can be grown.

Mr T O'Neill: This plan is clearly saying, "This is what we want to do", but it is not a detailed road map of how to get there. Our challenge now is to sit down as a collective group, if you like, and look at how we are going to do this. We are of the view that if you extend the contractual relationship that exists between poultry and processing into pigs, cattle and sheep, you can start to move along that line. That is what we see happening here. Right now, there is a very real project on the table to move on the pig side, and there are discussions going on with a number of processors about how they can follow the same, or a similar, path with beef and milk. You cannot simply take the poultry one and say that you will do it everywhere. However, you can use a lot of its elements across the sectors.

I can tell you that those discussions are going on right now. They are going on right through to the retailers. In recent times, retailers have discovered that there is not the supply in the marketplace that they need. If we now take the view that "horsegate" has caused retailers to be much more aware of their reputations, and they turn back to local production, local production cannot meet their requirements. So, they have suddenly become much more conscious of how they secure long-term supply of meat of whatever form.

Mr Byrne: With regard to something that was referred to earlier by William, I think, we have always felt that we had a competitive advantage in primary production via the grassland-based feeding system. We are now seeing the gaps in that and the uncertainty with it. We have seen how we are at the mercy of the import costs of feedstuffs. Can we identify a possible alternative feeding source internally on the island that would meet protein needs, rather than just depending on the vagaries of grass?

Mr T O'Neill: I am not a cereals expert, so I cannot debate the case very strongly. However, one of the things that we have been talking about with regard to research and development is actually growing the crops that we need to replace, for instance, soya for pigs and poultry, because, clearly, we import all those materials. We can grow peas and beans here that, in many ways, would substitute for those things. So, there is a job of work to do to find out how much of that can be grown on the island of Ireland. In its entirety, it would give us local sourcing. However, we would be naive to think that it would be sufficient to meet our full requirements. We would still have to import and be smart about what and how we import. That challenge is certainly on the table.

Mr Byrne: Lastly, as regards the hope that we will have more business friendly Departments, has anybody given you any assurance on that either in the permanent government — the Civil Service — or at the Office of the First Minister and deputy First Minister?

Mr T O'Neill: The Departments and the Ministers who are in charge of them have said all the right things.

Mr Byrne: Do you believe them?

Mr T O'Neill: I believe that there is a will. What we have to do is accept that it will be a long-term, sustained campaign to make it happen. The truth of the matter is that people sit back in the grooves that they have been in for a long time.

Mr Byrne: So, the cultural revolution is here?

Mr T O'Neill: We have got to knock some of those grooves off.

Mr Byrne: Very good.

Mr T O'Neill: Some of them are easy.

Mr Swann: Apologies for missing your presentation. I just want to follow on from Joe's points. I know that you have had that £400 million costed and you have worked out from where it is coming. How sure are you that the money will come from the Executive?

Mr T O'Neill: I am not sure. This is what I have asked for. As I have said, I am getting positive signals from the Executive, who are saying that they support it. I will be able to tell you when they say that we have got the money. I cannot answer that question yet. In fairness, we have put the report to the Executive. We are saying that this is what we want. We have now got to see how fast they can produce the money. All the signals are positive. What I am saying is that if the money is produced quickly, we can move quickly. If it takes seven years, that would be regrettable. If we can do it within three years, we have an excellent opportunity to take advantage of the market.

Mr Swann: I know that you have costed £400 million. I take it that that is the ideal figure that would allow everything to fall into place fully supported. Is there a figure that is workable?

Mr T O'Neill: Absolutely not. We need all of it.

Mr Swann: Good man.

Mr T O'Neill: Preferably in year one, but if you insist, I will take it over three years. *[Laughter.]*

Mr Swann: Is there a limit that you would say is just not realistic? That is what I am trying to draw out.

Mr T O'Neill: Clearly, there is a view that you could stretch this over seven years. We can do it over seven years. However, I do not think that that is in our interest at all. The opportunities are available today. If you expect the same opportunities to be there in three or five years' time, you are dreaming. I think that the opportunity is now; you have to be brave and act now. We have been visionary; we have certainly been challenging. It is now up to the Executive to back us. Challenge is in turn.

Mr Irwin: I want to ask about the poultry sector and the opportunities in it. The difficulty of finding a solution to the poultry litter problem is the fly in the ointment. Are you confident that that can be resolved? Where are we with that?

Mr T O'Neill: As you know, a research and development project is being run by the Departments collectively. My view is that an answer will be found, although it may not be the answer that you expect.

Mr Irwin: It is important that that takes place sooner rather than later, is that not right?

Mr T O'Neill: Absolutely.

The Chairperson: That is perhaps the answer to the question that I was going to ask. You have interrogated all the detail and put down your figures and percentages. Of all the sectors that you have looked at, from beef and sheep right down to animal feeds and by-products, what is the biggest worry for you, as regards the implementation of this report? What is the barrier that you are most worried about? Is it the litter problem in the poultry sector, or are there other barriers in other sectors that worry you more?

Mr T O'Neill: The single biggest challenge is finance; it is the thing that makes you go faster. We can do this slowly, grinding uphill over seven years — in three, if we have finance available. The opportunity is available now in the retail trade; it will not be there in five years' time. We have retailers who are interested in developing a plan with us, right now. However, if we do not go fast enough to meet their needs, they will turn somewhere else. They have no choice.

The Chairperson: The last question is about the conacre system, the rental of land, the long activity on that and whether we can make it more sustainable and certain. Fifty-five per cent of farmers are over 55 years of age; only 5% of farmers are under 35 years. That is an issue. Those farmers have probably seen report after report, and it is a mindset for them. When you make difficult decisions, you look at the advantages and the indirect advantages in other spheres. Is there any way that moving from conacre into a more long-prolonged system could entice younger farmers and give them more certainty, and even lead to a retirement plan for the older generation, whereby they would feel sufficiently secure to stop producing and rely on income from land that they rent out? Is that something that you see happening?

Mr T O'Neill: That is what we expect to see under this conacre discussion. That is an umbrella that applies. We said in the report that we want to encourage young farmers into the system. The facility exists, in most of the programmes, to support them above the older farmers. There is an opportunity to encourage young farmers into the system, and we have to be ambitious enough to find a way to unleash the scale of modernisation that we are talking about in the farm business improvement scheme to allow young farmers to bring in new technology and approaches.

The Chairperson: There are no other comments or questions from members. Thank you very much for your attendance, Tony, Colette and David. I am sure that it will not be that last time that you come before us. As you rightly say, it is one thing to produce a report; it is another to have it implemented. I am glad to hear that you have another two-year contract with your board to see this through. That is encouraging, because now I can be sure that you will not leave the report sitting on a shelf and you will be working at it.

Mr T O'Neill: I think that there are unique circumstances this time. We are noisy enough that you will know about it if the report does not go anywhere. *[Laughter.]*

The Chairperson: Thank you very much.