



Northern Ireland
Assembly

Committee for Agriculture and Rural
Development

OFFICIAL REPORT (Hansard)

Rural Development Programme 2014-2020:
DARD Briefing

25 June 2013

NORTHERN IRELAND ASSEMBLY

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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
Mrs Jo-Anne Dobson
Mr William Irwin
Mr Declan McAleer
Mr Kieran McCarthy
Mr Oliver McMullan
Mr Ian Milne
Mr Robin Swann

Witnesses:

Ms Rosemary Agnew	Department of Agriculture and Rural Development
Mr Brian Ervine	Department of Agriculture and Rural Development
Mrs Lorraine Lynas	Department of Agriculture and Rural Development
Mrs Colette McMaster	Department of Agriculture and Rural Development

The Chairperson: On behalf of the Committee, I welcome Colette McMaster, the assistant secretary; Lorraine Lynas, a principal officer; Rosemary Agnew, a principal officer; and Brian Ervine, also a principal officer. You are very welcome to the Committee, as always. Members will have been able to read the briefing papers, so I ask that you take no more than five minutes to address the Committee. Please outline only the main issues or provide new information that is not in your papers. When five minutes have passed, I will stop you, and the question-and-answer session will commence. I ask that you keep your answers succinct and concise. We are trying to tighten up on time management to make sure that we get the best time for members. I also ask members to keep their questions succinct, focused and clear. It would be helpful if personal opinions and statements were excluded from the line of questioning. If that is clear, members and officials, we will begin. Colette, are you leading off?

Mrs Colette McMaster (Department of Agriculture and Rural Development): Yes.

The Chairperson: OK. Thank you very much.

Mrs McMaster: Thank you, Chairman, for the opportunity to provide the details of the proposed public consultation on the draft rural development programme (RDP) 2014-2020. Lorraine Lynas is from the RDP management branch. Rosemary Agnew is from the policy and economics division, and has policy responsibility for pillar 1, young farmers and areas of natural constraint. Brian Ervine has policy

responsibility for the agrienvironment programme and nutrient management, including the manure efficiency technology scheme (METS).

Since the Committee's last update on 5 February, we have continued to develop the draft programme with our stakeholders and partners. The Committee has received a copy of the consultation document. I will draw the Committee's attention to some of the areas that we have developed since the briefing that you received in February. First are the proposed schemes that are outlined in section 6 of the consultation document. In priority 1, we have developed, taking account of further EU guidance that has been received, a greater focus on innovation through the proposed European innovation partnership operational groups and the farm exchange visits scheme.

In priority 2, which is about enhancing competitiveness, we propose that the business investment scheme be a one-stop-shop approach for all capital grants. As such, the scheme would be the single entry point for applications for support for farm investment, food processing, renewable energy and METS. As far as possible, we propose that there be harmonised rules and conditions for all capital grants.

In priority 4, we included a section on areas of natural constraint (ANC). That is probably one of the most complicated and least certain elements of the rural development programme at this stage. The main policy issue is whether a future ANC scheme will be primarily an income support scheme or one that might deliver environmental outcomes. If it is an income support scheme, it might be best addressed through pillar 1, whereas if it is a scheme to deliver environmental outcomes, it might be best addressed through the pillar 2 agrienvironment scheme in priority 4. We had initial discussions with stakeholders on the issue. The consultation provides a further opportunity to hear stakeholder views before a final decision is made. We included a specific question in the consultation to invite views on the matter.

In priority 6, among other measures, we propose an all-island co-operation scheme, which is intended to provide opportunities for co-operation on a North/South basis aimed at tackling poverty and social isolation.

As well as outlining the proposed schemes, the consultation document addresses additional areas, such as finance and the delivery framework. The overall value of the programme will depend on the outcome of the CAP negotiations, as well as the national funding allocated to the Department by the Executive over the period of the RDP. That will also inform the extent of any transfer of funds from pillar 1 to pillar 2 to increase the budget for rural development.

The Department is developing a financial plan to 2020 as part of its strategic planning process. That will inform the funding parameters and assist in the decision-making process. Although the funding situation remains unclear at this stage, it seems likely that the funding available for rural development will be less than in the current programme. We are seeking views on which schemes could be prioritised for funding and the extent of any transfer of funds from pillar 1 to pillar 2.

The delivery framework refers to the review of public administration, the LEADER approach and other delivery models. The consultation will seek views on which scheme should be delivered through the LEADER approach, by the Department of Agriculture and Rural Development (DARD) or other bodies, including councils, as well as on how much of the programme budget should be allocated to the LEADER approach.

As the Committee is aware, the Agri-Food Strategy Board's (AFSB) report 'Going for Growth' was published recently. We are considering the recommendations in the report and how proposed activities for the future rural development programme may be lined up with those recommendations. That work will continue over the coming weeks.

We propose to launch the consultation on 1 July, and it will last for 16 weeks. The equality impact assessment and strategic environmental assessment will form part of the consultation. The Department of Enterprise, Trade and Investment and the Department for Employment and Learning are working towards launching their consultations on the European regional development fund programme for the investment for growth and jobs on the same date. The decision to run the public consultations concurrently was taken to provide stakeholders and the public with the opportunity to assess the full range of proposals available and to seek complementarity between the funds.

Key stakeholders were actively involved in developing the draft programme through the RDP stakeholder group. If needed, we will meet stakeholders informally during the consultation period to discuss the proposals. We also propose to arrange public consultation events over the summer.

Once the consultation is launched, DARD will continue to develop the draft programme, taking account of further information and guidance as it becomes available from the EU Commission. Views from the public consultation and the consultations of other Departments, and feedback from the ex ante evaluators will be considered when the programme is redrafted in November or December.

My colleagues and I are happy to answer questions.

The Chairperson: Thank you very much, Colette, for keeping within the time that I allocated. You were here in February to tell us about the "pre-pre-consultation". You communicated and consulted with stakeholders. Will you highlight the changes since you last presented?

Mrs McMaster: I mentioned a few of the key changes in my opening remarks. Do you want a bit more than that or will you take them from the documents?

The Chairperson: If you could just list some of the major changes.

Mrs Lorraine Lynas (Department of Agriculture and Rural Development): The main difference in priority 1 was the inclusion of the European innovation partnership operational group network, which is new for this programme. There has also been further development of the co-operation groups and the inclusion of a farm exchange visit between member states. We moved the business development groups into priority 2, which is about farm competitiveness, where they sit better.

For priority 2, the reference to young farmers mentoring in leadership was removed. That support is incorporated into discussion groups. Rather than sitting out on its own, it is incorporated into other schemes. There were changes to the support for young farmers and new entrants. The rationale for changing that focus is in the document. There were significant changes to the business investment scheme and the tiers to pull that into a one-stop-shop approach that links all capital grants that might be offered in the programme. We also included a forestry competitiveness scheme, which is new.

Priority 3 is about the food chain, and producer groups have been removed. The proposed support is now focused on an agrifood producer co-operation scheme, which has been worked up in a little more detail. The processing and investment grant scheme is in two tiers, and a separate scheme for the processing and marketing of forestry products was added.

More detail has been included on forestry in priority 4. We got feedback from the stakeholders that the forestry support looked a bit disjointed in the document, so that has been drawn out a lot more. The organic farming scheme that was there has now been removed, which was based on feedback from the stakeholders and from separate meetings with some organic farmers. More detail has been included on the agrienvironment programme.

In priority 5, previously you would have seen the scheme as a biomass processing challenging fund, but that has been widened to include all renewable energy technologies. That is the main change. The forestry plantation scheme has been removed from the priorities to change the focus of it, and the METS and renewable energy are included in the one-stop-shop approach.

In priority 6, we are looking at a dedicated combating poverty and isolation measure, an all-island scheme, as Colette mentioned, and some other changes in tourism and the basic business measure.

So, there has been quite considerable change, and a lot of that was as a result of stakeholder comments through the stakeholder group.

The Chairperson: I am going to bring in Joe, because he has indicated that he has to leave for Question Time.

Mr Byrne: Thanks, Chairman. I welcome the presentation and I welcome the change of thrust, given the recent publication by the Agri-Food Strategy Board. On other financial budgetary issues, the paper states:

"Members are also aware that the 'Going for Growth' has called for a £250million Farm Business Improvement Scheme."

Has any thought been given to how much could be earmarked for that priority to try to address the business improvement so that development could be brought forward?

On the timescale that is envisaged, given that the rural development programme might last for seven years under the common agricultural policy reform, and given that the Agri-Food Strategy Board would like money up front to kick-start the entire cycle, what thought has been given to the amount of allocation that might go into that section and the timescale for it?

Mrs McMaster: I will start on the Agri-Food Strategy Board's recommendations. Its report was published in May, so we have looked at that in relation to the draft proposals that we have. We have sought to start lining those up against the recommendations in the strategy group's report. We are looking at the Agri-Food Strategy Board's recommendations and will continue, over the coming weeks, to look at how they might shape the future rural development programme.

We will be looking very closely at the proposals regarding the amounts of money and the investment that the Agri-Food Strategy Board has recommended around government and industry. Those proposals will be subject to further detailed examination, including the affordability and economic appraisal.

You are absolutely right about one of the schemes in the draft programme. The business investment scheme does have a close fit with the suggested farm business improvement scheme that is in the Agri-Food Strategy Board's report. That is one of the schemes on which we have sought to see what the Agri-Food Strategy Board is recommending.

As I said in the opening remarks, it is still unclear what the overall budgetary position is going to be. We do not yet know what the final budget is going to be for the rural development programme as such, but at this stage, it is likely to be less than the Agri-Food Strategy Board has recommended. Departments have been asked to look at the funding implications of all the recommendations and at what opportunities there might be to provide that funding. That is a process that we are involved in.

Mr Byrne: I am sorry, Chairman, but I have to go out in a moment. I appreciate what you are saying, Colette. I know that we are in a limbo position. The general point I would like to make, however, is that I think that the farming community generally, this time around with the rural development programme, would like to see more investment going into actual farm business improvement schemes and schemes that are easily managed, which would enable and enhance output from farming, whereas in the past, it was felt that too much money was going to social, cultural and supporting projects.

The Chairperson: Thank you, Joe. I know that you have to go.

I want to follow on from Joe's point where he picked up on the 'Going for Growth' report. Is this money for the rural development programme the £400 million from the Government or the £1.3 billion from industry that it will have to claim? Where does the rural development programme sit with 'Going for Growth'? Will that be classed as part of the government package or part of the industry's package?

Mrs McMaster: We still have to work through what this is going to be. The rate for funding provided by, for example, the business investment scheme, is set, I think, by the regulation. I think that the rate is 40%, so there would either need to be match funding or investment from applicants. That is if you are looking at the rural development programme. Obviously, there may be other ways of funding the

The Chairperson: What I am trying to establish is what amount the Government pays out of the £200 million that the industry is asking for. Will the Government say that the rural development programme money is part of that £200 million that the industry will have to claim for and then add to? Are we clearly saying that the RDP money will be part of the Executive package, or is that money separate from the 'Going for Growth' report? We have clearly defined lumps of money: the £400 million that the Government have been asked for; and the £1.3 billion from industry. Is the rural development programme money different money?

Mrs McMaster: I do not think that any of the money has been identified across Departments at this stage. We will look at that over the summer. All Departments have been asked to look at how they could shape national and EU funding streams to help to deliver on some of the recommendations. The RDP is an EU funding scheme that we are looking at. Any applications under, as I say, the business investment scheme, if that is how we go forward, will still involve some investment by the applicant. The board recommended £400 million of government investment, which would lever £1.3 billion of investment from the industry. So, it depends on how the boards see it as well.

The Chairperson: I suppose that I am worried — perhaps "worried" is the wrong word to use at this point, given that it is early days. However, if there was an Executive package, with all the Departments weighing in, I would certainly be concerned that DARD could say to the Executive, "The money that we are supplying for this is the rural development money." That is what concerns me. So, it would not be new money, but money that would come down the line anyway through European funding. I would just like to place on record my concern that DARD may try to use the rural development programme money as some of this money. If that is the case, I think that DARD should come out and say so sooner rather than later.

Mrs McMaster: I do not think that we are at the stage where we are saying what the response will be as yet. Certainly, what we want to do, where we can, is shape what support we give under RDP to help to deliver the direction of the AFSB recommendations, if that is agreed by the Executive. We want to direct the resources available to us to help to deliver on that.

The Chairperson: OK. In the previous programme, 19% of £100 million was delivered through the LEADER approach. I know that you are consulting on this, which you mentioned in your opening remarks, Colette, but have you as a Department any idea what percentage you would need to set for this new figure, considering all the problems that the Department has, all the problems we have had with auditors in Europe and all the problems we have had with the recession, banking and planning?

Mrs McMaster: We have not actually come up with a figure as yet. In section 7 of the consultation document, we have set out the various issues that there are for the delivery models and options. We are bound by the minimum requirement from the Commission, which is, I think, that 5% of the programme is —

The Chairperson: That is the minimum.

Mrs Lynas: That would be the minimum. To meet that minimum spend, you might have to put a bit more in to allow for a little slippage, but we have not decided at this stage. A lot will depend on how the spend progresses within axis 3 this year. We have the LEADER review, which is also helping to inform that. We will wait to see what kind of feedback we get from stakeholders. A lot of it will depend on which measures should be delivered through LEADER and the balance of funding between those. So, we are looking for initial views. Until we know the overall budget and how we balance that between the priorities, it is too early to say. We have to take a lot of things into consideration in that decision.

The Chairperson: I know that you consulted on this. There is also talk of councils taking more of a role. Is that what you mean by LEADER or is this a new phase or stream?

Mrs Lynas: We are certainly looking at how councils could be involved in the delivery of all elements of the programme. It is not a function that is transferring to councils. That position has been made to the Department of the Environment. Our Minister has written to Minister Attwood on that issue. However, the councils are interested in delivering not just rural development but all aspects of EU programmes. Certainly the Department of Finance and Personnel has established a group to deal with the Northern Ireland Local Government Association and the Society of Local Authority Chief Executives (SOLACE) on that level to see what kinds of projects can be brought forward. We are looking at a balance of delivery mechanisms. Some will be through LEADER, but some may be directly with councils; for example, a letter of offer, perhaps, with more strategic projects or other types of projects directly with the councils. We have not ruled out anything at this stage. In the last programme, it all went into that approach. It is about having a balance, which improves flexibility in the long run should you wish to change between funding streams or methods of delivery.

Mrs Dobson: Thank you for the briefing. We all know that, all too often, consultations from the Department do not get the responses from the people directly affected by the issue. How will you

ensure that farmers and those living in rural areas will have the opportunity to respond? For example, have you considered using historical information that you hold from previous applications as possibly a better way of targeting people who should be given the opportunity to respond?

Mrs McMaster: A key part of developing the draft programme to this stage has been engaging with representatives from the key stakeholder groups on the stakeholder consultation group. They have been very active in helping to shape the document to the stage that it is at now. A wide range of stakeholders is represented on that group, including farming organizations, and so on, among others. There is a wide range, well beyond the industry representatives. We will continue to engage with that group. The public consultation is going out now, and we will be engaging with that group again following the consultation before we finalise the document that goes to the Commission as the programme. So, that was a key part of getting to where we are today and is the way that we will continue working. The public consultation will be advertised widely and we will be seeking responses directly on the questions. We also talked to the stakeholder consultation group about the possibility of running events over the summer that would engage a wider range of people.

Mrs Dobson: Will you be using historical information from previous applications?

Mrs McMaster: The historical information?

Mrs Lynas: I am not sure what you mean. In terms of —

Mrs Dobson: For previous stakeholders and previous farmers who should respond, the data that you have from previous consultations. Or is this to be fresh and new?

Mrs Lynas: It is mostly fresh and new. What you do not have here is the full needs assessment and strengths, weaknesses, opportunities, threats — SWOT — analysis. As well as stakeholder comments, it is also based on a lot of analysis, which, as far as the Commission is concerned, we have to do. Our ex ante evaluators are also looking at that at present.

We have used a lot of historical data in developing these proposals. We have also used data from the current programme, including the mid-term update that has been completed, and all other evaluation activities. We have looked at those who have been previously unsuccessful in applying to the programme, and we can continue to do that through our ongoing evaluation contract that we have with the Northern Ireland Statistics and Research Agency. When you get down to the actual development of schemes and the processes around that, we can still call on a lot of information to help inform what we do.

Mrs Dobson: Yes, I think that it would be vital to tell people who have replied to previous applications that they —

Mrs Lynas: Why they have not been successful?

Mrs Dobson: Yes. I think that that would be very valuable going forward.

Mrs Lynas: I accept that.

Mrs Dobson: The Chair touched on RPA, and I think that you briefly highlighted the role of the shadow councils in the draft proposals, as well. Are you concerned that, with the reduction in the number of councillors, a key pot of expertise could be lost when it comes to joint council committees? How do you plan to overcome that?

Mrs McMaster: This consultation is going out now, and we are seeking comments on the wide range of delivery models and the issues that are there. We have asked specific questions.

We will continue to engage with councillor representatives. Councils and SOLACE are represented on our stakeholder consultation group, but we are also engaged in separate discussions with stakeholders. We will continue to have discussions with council representatives about how we prepare for the changes that they are preparing for and how we can dovetail with that, including throughout the transition period. Those discussions will continue over the summer, so we will work closely with them.

Mrs Dobson: It is important that we do not lose that expertise with the reduction in the number of councillors.

Mr Irwin: As a farmer — I suppose that I should declare an interest, being a farmer — I am concerned that you are going out to consultation on something that, in reality, is quite vague. It is not vague in what it is going to do but in how it is going to do it. For example, under "Objectives" — and I would just like this explained to me, because I cannot understand it — it says:

"To implement resource and efficiency savings and market performance through restructuring of farm assets and operations."

What does that mean? Can anyone tell me? I am not sure what it means. It is on page 44.

Mrs Lynas: The objectives that are listed there are to do with the business investment scheme. The actions and examples that we have given are the kind of things that we think that we would like to invest in. I take your point: overall, it is vague. However, you have to remember that we are doing this without the agreed regulation and without the implementing regulations that will give us a lot of the detail.

Mr Irwin: Why do it, then, in that position?

Mrs Lynas: We have to get a programme in place in time to get it off the ground. If we were to wait for those regulations to be agreed, we would not get the programme in place until about 2016. The Commission expects you to start to do your programme development as soon as possible. It has expected us to do that from a long time ago and has given us guidance. The guidance notes that we are getting are based on the 2011 EU regulation. So, we cannot go into the detail, because it is subject to change. This document outlines the policy ideas that we have and contains a bit more detail than the last document. Are these the right kind of activities that stakeholders want to see in a future programme? The stakeholder group will be there as we get more detail from the Commission and get feedback. We will be starting once we get the measures, if we get agreement on the regulation. We could have chosen to wait but we do not know whether there will be agreement today or tomorrow on the regulation; it could be months yet. If we keep holding on and waiting to go to public consultation, we could have a funding gap. So, it is a judgement call on when to go.

We know that Wales or Scotland is out for consultation on a higher-level document than this. However, they are going to have a second consultation, and it is not far behind this one. How to cope with this is a dilemma for member states, but you have to get a balance. A lot of people will be interested in the details of how these schemes are going to work and in the rules. Those are a long way off being developed. We need the policy idea set, to be able to draft the programme, to be able to move to the next stage.

Mr Irwin: The wording of that objective seems very strange:

"through restructuring of farm assets and operations."

I cannot understand why it was written in that way. It just seems very strange.

Mrs Lynas: The EU objective for this priority is the restructuring of farms through investment. The priority for us was to —

Mr Irwin: Certainly not farm assets. Farm assets are what the farmer actually owns. Do you understand?

Mrs Lynas: I take your point. It is not quite clear on that.

Mr Irwin: Also, on investment in anaerobic digestion installation, we need to be very careful. I am not sure how many have been approved in Northern Ireland. Will any grant aid for these be on top of the renewable obligation certificates (ROCs) that are already available for electricity that is generated? If we intend to grow the agrifood sector in Northern Ireland, we have to be very careful about the number of anaerobic digesters we have, because the more you have, the more land is taken out of agriculture.

That is a big issue. I am not sure how many there are in Northern Ireland, but the Department needs to know that and to do its homework.

Mrs Lynas: I take your point. On the ROCs, the state-aid rules also run out at the end of this year, and the Commission is looking at them. The ROCs might change as we go forward. That is more guidance that we are expecting from the Commission.

On renewable energy, the biomass and anaerobic digesters were only ever seen as being, not so much a demonstration, but an incentive to show how they can work and can be funded. You are right; incentives are there outside of this for renewable energy through demonstrations and pilot schemes. We are not talking about putting a huge amount of money against that particular element, but it has a place in the programme. Those are the kind of comments that we would like to hear from people. If it is wrong, tell us. That is the point of this consultation.

Mr Irwin: I am a farmer. Something like 400 acres of grassland is needed for an anaerobic digester. There is a place for anaerobic digesters, but too many of them would be dangerous.

Mrs Lynas: I do not think that we would disagree with that. Brian?

Mr Brian Ervine (Department of Agriculture and Rural Development): No, the point is well made.

Mr McAleer: The UK Government chose not to apply for additional funding under pillar 2. It was estimated that, in real terms, that could result in as much as a 100% cut. What specific areas might that affect? I am looking at the differential, and it is fair to say that the South of Ireland, which has a population of 4-6 million, is looking at getting almost £2 billion, whereas the UK, which has a population of 62-7 million, is just looking at £2-2 billion or £2-3 billion. What specific areas will be affected by the cut? Is the British Government's decision not to apply for additional funding a done deal? Is there anything we can do to influence that? More importantly, out of that £2-2 billion, how is the share for here calculated? What will be our share of the UK allocation?

Mrs McMaster: At this stage, we are not clear what the allocation or share will be for this rural development programme.

Mrs Lynas: In the budget negotiations, up to 15 member states got those rural development gifts. Then, the pot was divided up between those that were left. I cannot comment on the UK's budgetary negotiation position. However, the result of that was that the UK has, again, got the lowest allocation for rural development funding. Ireland was one of the countries that got additional money. I think that it got an additional £0-5 billion from that deal. It does cause us difficulty and strain on our programme, especially when our stakeholders look to the South and say that they can do this, that and the other there. Our programme is very much smaller, and it puts greater strain on resources. They have to be spread thinner. As far as cuts are concerned, or where they will be, we are not looking at that at this stage. We are trying to look at where the need is and what the available budget is, and to put that against the actual need that is identified and what stakeholders want to do. It has returned the thing to zero, in other words. We are starting afresh again. We are not looking to say that because we had £180 million against agrienvironment, we should put the same amount in again. We are asking stakeholders to start afresh and to look at where we need to put the money in the budget that we have available. I cannot really say that this would go down and that would go up, because a lot of that activity is new, and some activity we may not be doing again. It is all really starting afresh.

Mr McAleer: I know that it is not, strictly, for here, but do you know whether the UK Government's decision not to look for that additional money is a done deal?

Mrs Lynas: It is at this stage. The UK allocation is now set. What we have not really got clarity on is how that is divided between the four regions of the UK. The Commission has now informed the UK of what its allocation is.

Mr McAleer: So, that £2-3 billion is set?

Mrs Lynas: Yes, that is set.

Ms Rosemary Agnew (Department of Agriculture and Rural Development): The Commission has informed all member states of their allocations. I believe that there is a final agreement to be made.

However, it is unlikely that those will change. Meetings are ongoing across the UK to determine how the pillar 2 budget and the pillar 1 budget will be split across the regions. Obviously, the starting point for those discussions, and they are not very far yet, is how it is split — how it is currently divided, and moving from there. Again, I am not involved in it. However, I know that some of my colleagues are presenting to the Committee next week on the update on negotiations. You might wish to follow up your specific questions on the UK budgetary negotiating position with them. I am not trying to defer the question, but I think that they would be better briefed because they are very directly involved in those discussions.

The Chairperson: Again, for Northern Ireland, that was always going to be the second phase of this whole negotiation and, indeed, battle, if you like, for funding.

Mr McAleer: There is a colossal differential there. I was working on my iPhone. Going by the UK population, if we take it per capita, it works out at €36·55 per head. In the Twenty-six Counties, it is €423·08. Per capita, it is 12 times more in the Twenty-six Counties than it is here. That is phenomenal.

Ms R Agnew: All that I would come back and say to you is that it is no different than if you look at the allocations. I take what Lorraine said and that Southern Ireland received an additional £0·5 billion, moving forward, for this programme. However, in the current programme, there is a similar level of differential. So, it is not something that is unique to this programming period moving forward. It has, historically, been there. Historically, the UK has received a very poor allocation of a pillar 2 budget.

Mr McAleer: Is it the case that that is because they will not match it, or is it the case that they just —

Ms R Agnew: I do not believe that it is the case that they will not match it. It is where we have been. Historically, the UK has received a very poor allocation, it is very difficult to create a case whereby that allocation will be increased, because the only way in which that allocation will be increased is to take it off some other member state.

Mrs Lynas: The UK was the only member state to apply voluntary modulation in the current programme because of that low allocation. Portugal did not in the end. We were the only member state that had to do that to make up the budget.

Mr McAleer: Are they run separately?

Mrs Lynas: Yes.

Mr Swann: Have the Northern Ireland budget allocations been confirmed?

Mrs Lynas: No.

Mr Swann: For talk's sake, if we get less money, will it be a matter of spreading less money around every scheme in the consultation document or will bits of it drop off?

Mrs McMaster: We are asking three questions around the event that we get less than we would like. We will ask consultees which schemes they consider to have the highest priority in the event that we will ultimately prioritise schemes or whether the available funds should be distributed across all schemes. They will also be asked whether funds should be transferred from pillar 1 to pillar 2 if there are insufficient funds to support the proposed programme. Those are three distinct questions on which we are seeking views.

Mr Swann: That goes back to my party colleague's point about who responds to the consultation. If it is mostly community associations and rural dwellers, their priorities will be an awful lot higher than those of farmers. How much weighting will you give to the consultation responses? Will it be, say, one vote for one consultation? Will weighting be applied to that?

Mrs McMaster: No, I do not think that there will be weighting. We need to see what comes in. Further guidance from the Commission, and feedback from other Departments, will also have to be fed into the process. We will be looking at a range of things. We hope that there will be opportunities for complementarity of funding with other Departments and other EU funding streams.

However, the matter is up for further discussion with stakeholders and the RDP stakeholder group that we have been talking to and for looking at priorities. I am sure that it will be a challenge in what we could do and the reality, so we may have to look at how to prioritise the range of options.

Mrs Lynas: That is the case. However, we must not concentrate too much on the EU funds. National money can be moved into the programme if we go to the Executive with a demonstrated need. The key is to show the need and the impact of what we were proposing to do. If there is a good case and money is available from elsewhere, then why not make that case? Why not say to the Executive, "We have impact here that we could deliver"? The EU funds are just one element. There are also national funds to go into the programme, and we should not forget that.

Mr Swann: That is all right to say, Lorraine, but if you are looking for moneys from the Executive for rural development, there are also bids for Going for Growth.

Mrs Lynas: I know but I am ever the optimist.

Mr Swann: As the Chair pointed out, if you put Going for Growth in as part of RDP, you will end up asking for the same money twice and issuing the same press release twice that you got it.

Going into the detail, Willie started to pick up on the phraseology of the proposals: innovation brokers, business plan developers, business development group professional advisers, either DARD or private. Were those positions always about but nobody was conscious of them or will we create another level of facilitators for no matter what section of the rural development programme?

Mrs McMaster: Are you looking at priority 2 particularly?

Mr Swann: Those phrases are scattered through the document.

Mrs Lynas: The European Innovation Partnership (EIP) is an interesting concept that the Commission has come up with. We are not looking at a huge amount of funds in that. We would very much like to take a few good projects. The point of the EIP having researchers and farmers or food producers in the group is to ease the transfer of innovation directly between production and the research institutes. That is the role for an innovation broker. We could be talking about only one in the whole of Northern Ireland. We are possibly talking about initially trying two or three projects in the EIP, seeing how it goes and assessing whether there is real value in it. It is compulsory in the programme, because it is a new Commission idea. The idea behind it is that operational groups will be established right across Europe at a very local level between researchers and farmers. You will upload all your results onto a central database or website that the Commission will run. From that, the whole wealth of innovation will be available to you; you will be able to see what is working and what is not. It is a good concept, but we do not see huge amounts of money in it.

The second point is on the discussion groups. We see quite a lot of value in those discussion groups. A lot of evidence comes from the model that has been tried in the South and through bringing people together in peer learning. We do not want to create a whole layer of facilitators, but we want to be able to get an impact from what we are doing. The detail of how that will operate in practice has yet to come. We are talking about 3,000 discussion groups out of the whole farming population of 18,000 farms or thereabouts.

Mr Swann: Peer learning discussion groups have provided a valuable asset to Northern Ireland agriculture and the industry for a number of years. I am very concerned that the opportunities to travel are solely for newly formed or newly developed groups, whereas existing successful groups that need that wee bit of extra support will not be supported.

Mrs Lynas: Is that in the farm exchange?

Mr Swann: Yes; I think that it is farm exchange. There is reference to it in the business development groups as well.

Mrs Lynas: The farm exchange is another idea that the Commission is very keen on. It should not be restricted. We can actually focus that scheme in any way we wish. Again, it is not going to be a particularly big-spending scheme, but it could have good impact on innovative ideas. How we skew

that scheme is very much up to ourselves. We could say that it could be only young farmers. It could be a sector or whatever. It is up to us to decide. That should be open to existing farmers. I will check the wording —

Mr Swann: Sorry, it is under agrifood producer co-operation schemes.

Mrs Lynas: Oh, that one, yes. That is the Commission's words. It is from the current regulation. It is either a newly formed group or a group that is taking on a new activity. It is quite open. You could have an established group that is branching out into something new.

Mr Swann: Aye, but the Department needs to be flexible on it. It was something that, under the new entrants scheme, carried a lot of — *[Inaudible.]* — because they thought — *[Inaudible.]* — new farms or — *[Inaudible.]* I am supportive of it, but I am concerned that, if we restrict it to newly formed groups, we will get people forming groups for the sake of —

Mrs McMaster: It refers to:

"newly formed groups, clusters or networks, or existing groups".

Mr Swann: It states:

"existing groups, clusters or networks that are planning to carry out a new activity."

Mrs Lynas: That is the wording from the regulation. We would have to find something that is acceptable to the Commission to support that.

The co-operation is very new. Its success will depend on whether we can get people to work together to deliver some of the key aims. We will be interested to know how that is received. It will be a challenge.

Mr Buchanan: A lot of areas have been covered. We all know that, for the future stability of the agriculture sector, one thing that we need is growth. How were the proposals in the draft document identified as being key to growth in the agriculture sector?

Mrs McMaster: It was about how we came to this and how we have developed it. We have gone about that in a range of ways. The initial work was starting to work under the priorities. The priorities are, in themselves, focused on growth and competitiveness. That is the focus of the EU. In DARD, we looked at each of those priorities and the objectives under them. We sought to develop broad high-level measures that could deliver on that. We took the views of the stakeholder group as we worked through those. So, we have sought to do that. Looking at where we have got to and the Agri-Food Strategy Board's recommendations, a lot of the proposals line up to the opportunities for supporting growth that are envisaged in that report. Would you like to come in on that, Lorraine?

Mrs Lynas: The farm business investment scheme is probably the key one. It really replaces the farm modernisation programme. As you know, the grant rate ceiling for that was £10,000. The big change here is that it is going to three tiers, with different requirements. Going up to £100,000 is seen as moving the industry on considerably. We wanted to put in place something that would help those who want to move their industry forward to help themselves. There is, then, a lower tier for those who may just want to avail themselves of the lower grants. The key to that will be the balance that we put between those tiers.

The business discussion groups are aimed at those who want to be engaged and want to move their business forward. We also see that as a key aim. All the training within this is very much geared to each scheme. Training is not in any way random. It is all linked in, and we have identified where we need the training to be, particularly on environmental issues and other areas such as health and safety. Animal welfare is seen as a cross-cutting issue in these proposals. The discussion groups and the business investment scheme are what we see as the two main ways of moving the industry forward.

Mr Buchanan: OK. I have been looking through the questionnaire, and I am not sure that the entire farming community will understand some of the jargon used and that you will get responses. For instance, one question is:

"What do you think the role of the innovation broker should be and what skill sets should they have?"

I do not think that ordinary farmers will be able to answer such questions, so you will not get a true reflection in the consultation. That needs to be addressed. It is all right for people who are used to that type of language or phraseology day in and day out, but rural or farming communities do not deal with that, so it will be difficult for them to grasp what you are asking in order for them to answer it. You may need to look at some of the jargon, if you like, used in the questions and simplify it, so that the people responding understand what you are trying to get at and what you are trying to get them to feed back to you.

Mrs Lynas: That is a valuable point, and there is probably still time to do that. Without undoing the whole thing, we could certainly look at the wording of the questions and try to simplify it a bit further.

The Chairperson: OK. William Irwin and then Joe Byrne; if you can, keep it succinct, gentlemen.

Mr Irwin: I think that it is important to make the programme relatively straightforward and easy for applicants, and I hope that that is the Department's aim. Lessons must be learned from the past.

In identifying areas to support, which I know is quite vague at the moment, have you, at this stage, had any negotiations with farmer organisations such as the farmers' union? Do you accept that it is vital to identify and target areas that will help growth? If not thought out well enough, it will fail. We must not go about this haphazardly. It is important to do it properly. Have there been any discussions with, for instance, the farmers' union or groups like it?

Mrs McMaster: The Ulster Farmers' Union (UFU) is represented on the stakeholder consultation group, which has met four times in the course of developing the draft consultation proposals. All the organisations represented on that group had the opportunity to provide written comments and to discuss them at the meetings, and so on. Certainly, the farming representatives have indicated that they are broadly content with the proposals, as they stand.

Mrs Lynas: I can read out some of the comments that we have. The UFU, for example, was not in favour of a continuation of the current Focus Farm scheme. It felt that there had been a lot of people through the door, but queried what the impact of that scheme had been. It wanted to see demonstration farms delivering research findings. Certainly, that is the focus of the innovation and demonstration farm scheme that we are putting in place. UFU also wanted to make sure that all sectors were included in the discussion groups. We have not made any distinctions in the proposals confining them to any particular sectors.

The Northern Ireland Agricultural Producers' Association (NIAPA) asked whether the grant assistance for the business investment scheme could start at 70%. We had to reject that on the basis that it is set at 40% in the regulations, so that was not something we could accommodate.

I have quite a lot of comments. This document was done for the stakeholder group. I know that the Committee received a composite of all the comments. We can certainly forward this to you; it is a summary of the things that were taken on board within the proposals. It is only nine pages. For example, the UFU was not supportive of an organic farming scheme. We reacted to that, and we had further discussions with separate bodies.

Outside of the stakeholder group, we have met with other organisations, such as the National Sheep Association and other groups that are not represented. So, we have always had an open-door policy to everybody who wants to come to talk to us about the proposals. It is just to get across the amount of influencing that has already taken place within these proposals.

Mr Irwin: It is still quite vague, so it is difficult to make an assessment, if you understand.

Mrs Lynas: Yes, I appreciate that.

Mr Byrne: I apologise for being out and missing the thrust of the discussion.

In relation to the scheme for young farmer entrants, it appears that you are earmarking three possible avenues for them to access finance: business development through knowledge transfer; the business investment scheme; and the forestry competitiveness scheme. Any young farmer who is trying to break into farming, first, has a major capital cost in trying to get going; and, secondly, needs ongoing finance for stock. How much concentration is there going to be on having a meaningful grant scheme for young farmer entrants and a young farmers' development scheme, because, once a young farmer gets going, there are always development capital needs?

Chairman, I am aware of a further issue. The collateral required for the building of a two-house chicken business, for instance, used to be about 30 acres, but it has now doubled or even trebled in some cases. So, it is virtually impossible to get started. I invite comments on that.

Ms R Agnew: I think that we have spoken about that previously at Committee. The Department is committed to assisting young farmers. We have talked in detail, if I recall, about the fact that, within the rural development regulations, the definition of a young farmer is very restrictive. We have pressed for quite a time to have that definition changed, but we have been unsuccessful. Given where we are in negotiations, we have to accept that we are not going to get that definition changed. The definition of a young farmer, as it applies to the rural development programme, is someone who is 40 years of age or less at the moment of submitting an application; possesses adequate occupational skills and competence; and is setting up for the first time in an agricultural holding as head of holding. So, the definition of a young farmer is a new entrant to farming.

There is a facility within the rural development programme to offer start-up aid to new entrants, but, based on the evidence that we have, we believe that only 1% to 2% of farmers are genuine new entrants. We are going to insert another question within the rural development programme specifically asking whether our approach to young farmers is correct. We are seeking views on that. We have discussed at length with the farming organisations and with the Young Farmers' Clubs how we are taking forward the approach to supporting young farmers, as opposed to new entrants.

There is a suite of measures, and you highlighted some of them. There is a suite of measures in offering support under the investment scheme and the development groups approach. But it is much wider than that. There is training and skills. It is very likely that a mandatory young farmers scheme is going to be agreed within pillar 1, and that is likely to take 2% of the pillar 1 budget.

So, there is a suite of measures. The definition is no different. Earlier, Mr Swann referred to the Department's previous new entrants scheme. It is a very restrictive definition, and we can only do so much with that. So, we are seeking views. We have made a set of proposals, and we are out to consult and seek views. The proposals that we have made are based on discussions with the farmers' union, NIAPA, the Young Farmers' Clubs and the broader stakeholder group that Colette referred to.

Mr Byrne: I appreciate that. I know that it is a very difficult and delicate area, but given that so many students want to study agriculture and do CAFRE courses, am I right in saying that that is potentially the best source of would-be — *[Inaudible.]* — farmers? How much work can we do with students who are going through colleges of agriculture and studying agriculture and practical farming techniques? Surely, that is a source of potential young farmers who want to become entrepreneurs in farming.

Ms R Agnew: Certainly, and that is something that we have discussed. Should the Department, under a range of measures, be doing more with those young people and working more with young people who leave college with an agricultural qualification? That is something that we have actively looked at. Your comments are well made.

The Chairperson: There are no further questions. Thank you very much for your attendance today and for your answers and presentation.