



Northern Ireland
Assembly

Committee for Agriculture and Rural
Development

OFFICIAL REPORT (Hansard)

Briefing by Mrs Michelle O'Neill MLA,
Minister of Agriculture and Rural
Development

16 September 2014

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Paul Frew (Chairperson)
Mr Thomas Buchanan
Mrs Judith Cochrane
Mrs Jo-Anne Dobson
Mr Tom Elliott
Mr William Irwin
Mr Declan McAleer
Miss Michelle McIlveen
Mr Oliver McMullan
Mr Ian Milne

Witnesses:

Mrs O'Neill	Minister of Agriculture and Rural Development
Mr Gerry Lavery	Department of Agriculture and Rural Development
Mr Noel Lavery	Department of Agriculture and Rural Development
Ms Louise Warde Hunter	Department of Agriculture and Rural Development

The Chairperson: I welcome the Minister, Michelle O'Neill, to the Committee. As always, you are very welcome, Minister; it is good to have you here. Noel Lavery, permanent secretary; Gerry Lavery, deputy secretary; and Louise Warde Hunter, deputy secretary, you are all very welcome to the Committee, as always. We look forward to hearing from you on the way ahead. I know that you are here not to talk exclusively about the rural proofing Bill but to touch on CAP pillar 1, the young farmers' scheme and everything else that you want to talk to us about. It is very good to have you here, and we will listen intently to what you have to say. I know that your time is precious, Minister, so without further ado, we will hand over to your good self.

Mrs O'Neill (The Minister of Agriculture and Rural Development): If you do not mind, I will run through some opening commentary, and then I will be happy to take questions.

Obviously, thanks for the opportunity to come along to bring you up to speed and up to date on where we have been over the summer months, to highlight a range of significant issues, such as CAP reform, and to take the opportunity to highlight some of the challenges that we are going to have in the time ahead.

I would like to focus this short overview on a range of important issues, including public expenditure issues, challenges facing the industry, CAP reform, the new rural development programme, Going for

Growth, my proposals for the rural proofing Bill and our work on the HQ relocations. As I said, I will then be happy to take questions.

First, on the financial challenges that are before us, you are all very aware that the public expenditure outlook remains extremely challenging for all Departments, which will face significant reductions in budgets ahead as well as the impact of increasing costs, such as pay progression and price inflation. DARD is no different, and we are reviewing our current and future spending plans to live within our budget. Achieving that will mean prioritising the funding available to me and, at times, having to take difficult decisions on services and functions that are currently provided by the Department.

We have already seen an indication of things to come from the outworking of the recent June monitoring round. Obviously, I was disappointed, as I am sure the Committee was, that we did not secure any of the additional resource funding. We will present bids to the Executive as part of the October monitoring round exercise, and my officials will make sure that the Committee is fully briefed at its meeting on 30 September. Obviously, your support is vital if we are to be successful. We are still finalising the position. However, at this juncture, it is fair to say that we will certainly include a bid for TB compensation of just over £7 million. It is vital that we secure those funds in this monitoring round, as the compensation paid to farmers is a legal requirement, and insufficient budget cover has been allocated to the Department's baseline as part of the Budget 2010 process. It is also vital that we continue our investment in the land parcel identification system (LPIS).

As a stand-alone year, 2015-16 is obviously going to be challenging, and difficult decisions will have to be made. However, we are looking at a range of approaches, as set out in our corporate plan, that will deliver the necessary savings. That includes securing additional income streams, such as EU funding, more efficient use of the DARD estate and identifying lower-priority programmes. No decisions have been made yet in relation to the savings in the 2015-16 financial year. However, I will ensure that the Committee is apprised of developments over the coming months.

Looking beyond 2016, it is obvious that we need to deliver services differently in the future as a result of changing customer needs and the deteriorating financial position. I am committed to that change and to addressing the needs of the customer with an increased number of services becoming available online. I think that that is a positive development, as the modern farmer requires access to services 24/7 and not just on the current 9-to-5 offering. We are reviewing the existing operating model in the Department and are working to have a new high-level design completed by the end of this calendar year.

In the programme of change associated with CAP reform, I am looking at opportunities for more integrated delivery, which should produce greater efficiency. Again, I will ensure that you are briefed on all those important developments as they progress.

I will now turn to some of the very significant challenges facing the industry. The beef sector has been facing a very difficult time as producer prices have been falling since the beginning of 2014. Although prices have stabilised during the summer months, they remain well below where they were a year ago. I can assure you of my continuing commitment to the beef industry. As I have said many times — I know that the Committee shares this view — we want to see a strong, profitable red meat sector, and that can only be achieved if there is fairness in the supply chain. I am very encouraged that all elements of the beef supply chain are committed to working together to address the current difficulties for the benefit of the industry as whole. I am hopeful that we are now close to a resolution on the main issues of concern, including the four residencies and the issue of so-called nomadic cattle. I will continue to monitor developments closely, and my Department can also facilitate more cooperation and collaboration on beef supply chains and provide training and advice to improve efficiency, including through the next rural development programme (RDP).

In the dairy industry, milk prices had fallen to 28.5p a litre in July. Dairy farmers will be paid next week for August milk, and that will confirm the latest price. Milk production in the North has increased by 9% so far this year and that, together with increasing supply in the EU and around the world, has the potential to depress prices further.

The Russian ban on imported fish and certain agricultural products could create additional difficulties. I am concerned about the impact that that may have on our local agrifood industry, in particular our dairy products and our pelagic fishing and processing sectors.

On 5 September, I was in Brussels for the extraordinary meeting of the EU Agriculture and Fisheries Council held to discuss the Russian ban. I also met the Secretary of State for Environment, Food and

Rural Affairs, Elizabeth Truss, and the Agriculture Commissioner, Dacian Cioloş, to discuss the ongoing situation. I highlighted the need to find new outlets for local products previously supplied to Russia and the knock-on effect of the ban on international market prices. I welcome the Commission's decision to open up private storage aid to butter, skimmed milk and cheese until the end of the year and the increase in funding for EU agricultural promotion schemes to €60 million. It is vital that the Commission continues to monitor the impacts of the ban across all sectors, including the beef and pig meat sectors, and that timely and effective action is taken to avert a collapse in prices.

I turn to CAP reform and the major policy decisions that were settled with the Executive in June. I am happy to inform the Committee that all major decisions were notified to the Commission by the 1 August deadline. The stakeholder response to the package has generally been very positive. The next stage is to implement it whilst ensuring that our farmers have a full understanding of the new system so that they can avail themselves fully of the benefits.

The nature and range of those important decisions mean that communication will be an important element of our work in the coming months in parallel with the building of new systems to deliver the payments in an accurate and timely way to farmers. I have already started to make information available on the new schemes on the DARD website and in the press so that farmers can understand what schemes are available and see their requirements. Tonight, the first of three information events targeted at farmers who have positive greening requirements will be held at Greenmount.

Despite our desire for a simpler CAP regime, the new area-based schemes required by the Commission are set to be greater in number and more complex to administer. In delivering those, we will also need to continue to bear down on the risk of disallowance to meet the Commission's requirements. I want to continue to build on the high level of online claims achieved in 2014. All farmers will benefit from the added assurance that completing a form online can provide them with the accuracy and completeness of their application. That will be even more important from 2015 when farmers will need to demonstrate that they meet greening requirements. Officials will be here after this presentation to give you more detail on moving forward with the CAP regime.

I am sure you will have an opportunity to probe that in more detail. We are near the completion of the final draft of the rural development programme. Again, we secured Executive agreement on 26 June for a programme budget of up to £623 million. That programme will be funded with approximately £186.5 million of European funding, which I plan to match pound for pound from the DARD budget. In addition, my Department will bid for up to £250 million of additional funds to deliver the new farm business improvement scheme.

On 23 July, I announced further details of how I plan to allocate the budget to individual schemes in the programme. That includes up to £220 million to support capital investment on farms and £25 million for farm business development groups. There will be £173.5 million made available for the environmental farming scheme, which will support farmers and land managers to carry out environmentally beneficial farming practices. That means that the headline support budget for agrienvironment will be maintained at the same level as the current rural development programme.

Later this month, officials will hold the final meeting of the RDP stakeholder consultation group, where the final draft of the proposals will be presented. There have been many challenges in reaching this point in the process, not least in reaching agreement on the programme budget and planning for delivery. I am pleased that the final draft of the programme will have resulted from the widest possible engagement with stakeholders and the public, more so than with any previous rural development programme.

On 14 October officials are due to give a presentation on the final draft to the Committee, with submissions being made to the European Commission immediately afterwards. The challenge is to ensure that this major programme of support delivers real benefits for the agrifood industry, for rural economies and communities and for the protection of the rural environment.

In the Going for Growth report, the Agri-Food Strategy Board has set ambitious and challenging targets for the agrifood industry, the delivery of which will require significant investment. The key challenge addressed to DARD in the report is the proposed farm business improvement scheme, which will be taken forward as part of the new rural development programme.

I was particularly pleased to announce the Executive's support for my proposals for a farm business improvement scheme of up to £250 million, as requested by the board. That additional funding, particularly in the current fiscal environment, demonstrates our commitment to the long-term

sustainability of the agrifood sector, meets the challenge set by the board and will help me to deliver on the aims and objectives in Going for Growth.

So, over the coming months officials will continue to work hard to design the detail of the farm business improvement scheme and prepare for its delivery. As we develop that important scheme, there will be continuing dialogue between my officials and key stakeholders, including the Agri-Food Strategy Board, to allow them the appropriate input. So, I look forward to continuing to work with Tony O'Neill and his fellow board members as we move to implementation stage.

I am pressing on with the programme of work that is necessary to address the Programme for Government target to advance the relocation of headquarters to a rural area by 2015. In line with that target, fisheries division and Forest Service will relocate to Downpatrick and Enniskillen respectively by June 2015 and Rivers Agency to the Loughry college campus in Cookstown by March 2016. The remainder of the headquarters will relocate to Ballykelly. At Ballykelly, there will be a phased approach to construction, with 400 workstations completed by the end of 2017 and a further phase of around 200 workstations completed in 2020. There is a funding requirement of £29.7 million capital and £11.3 million resource, which the Executive have committed to meet.

The relocation of my headquarters to those four rural locations will help stimulate the local economy through increased local spending, the provision of high-quality and high-value public sector jobs, and, potentially, jobs associated with the construction, refurbishment and ongoing servicing of the new accommodation. It will also help to share wealth across the economy and contribute to better balanced economic growth by commencing to address disparities in the distribution of public sector jobs.

My officials are presently liaising with OFMDFM, Land and Property Services (LPS) and properties division over the exact area of land that will be required to construct the new headquarters and to agree access requirements. Once the exact land requirement has been agreed, it will transfer to DFP, which will become the owner of the new building. The main challenge now to deliver the relocation programme successfully is to ensure that the four new locations have appropriate numbers of staff with the skills and competencies required to continue to deliver the high level of service that our stakeholders need. Work in this area is well under way and is guided by a HR Strategy. We are in the process of issuing a questionnaire to all staff impacted by relocation to inform staff-handling plans for all four locations. On 18 November, officials are due to give a detailed presentation to the Committee on the entire programme.

You will be glad to hear that I am coming towards the end of my presentation.

When I attended the Committee back on 1 July, I said that I planned to refresh the rural White Paper action plan with other Departments and that I hoped to bring forward positive news on that in early September. I am pleased that the process is now under way, and I hope that we will have a refreshed action plan agreed during 2015. I see the action plan as a live initiative that should continue to deliver real and meaningful outcomes for rural dwellers. For my part, I have been exploring opportunities for strengthening rural proofing in government to ensure that rural needs and circumstances are routinely considered in policymaking. As you will be aware from my letter to the Chair, having considered a range of options, I now intend to progress primary legislation on rural proofing during this Assembly mandate, subject to Executive approval. I acknowledge that the timescale for enactment of a Bill is challenging. However, it is an important Bill, which would provide my Department with a firm basis for promoting rural proofing across government. I hope that the Committee will support and, indeed, help shape the Bill, which I believe could help deliver outcomes.

Sorry if that was a bit long; I was trying to go through all the main issues. It is over to you.

The Chairperson: Thank you very much, Minister. We understood that you would need time for your presentation because it covers so much information on all spectrums and areas of governance with regard to your remit. There is no apology needed for that.

Before we go to questions, I remind members that I will try to keep this session as tight as possible. I ask that you keep to one topic and one question. If you want to explore that with supplementary questions, I will allow it. However, please have one issue and one issue only. There are enough members to cover all topics, and, if we have time, we will go round again for further questions. We need to keep it tight and make sure that anybody who wants to speak gets the opportunity to speak.

I will try to keep to my own advice, Minister, but I could ask you all sorts of questions on the wide spectrum of issues that you covered. However, as Chair of the Committee, I want to pick up on your latter point on the need for and usefulness of a new rural proofing Bill. I understand the rationale for that and the concept, but we have a rural White Paper action plan. From what I am led to believe by your letter, the new legislation will be non-statutory; it will place no statutory duty on any other Departments, in any shape or form. The question I pose is this: what sort of legislation can be produced that is not statutory? How will it be used? How will you be able to enforce anything in it that is similar to what is already in the rural White Paper action plan?

Mrs O'Neill: OK, fair enough. Obviously, we are at the early stages of the Bill. You are absolutely right: we have the rural White Paper. As I have said, I have tried to make sure that that is very much a living, working document and that Departments are not just box ticking and saying that they have done their bit and that it all looks great. It has to be ongoing. We want to ensure that Departments are serious about their commitments to rural communities. Whilst, in all Departments, we have policy people who engage in rural proofing training, it is a small element, and I am not quite sure how much that is actually taken on board.

We have an opportunity with this legislation. I have set out my intention to move forward with it, and Louise and her team are working their way through it. It is still early days, but suffice it to say that it is about making sure that there is fairer and more equitable treatment of rural communities in policy development. Your point about whether it will impose a statutory duty on other Departments is valid. Unfortunately, because of a lot of legal problems and legal barriers that we face, there is an issue with how you would take that forward, mainly from an enforcement point of view. So, whilst it does not impose a statutory duty on other Departments, there is an opportunity for us to provide a firm basis that embeds mechanisms that Departments must follow in taking forward policy proposals. Is that where we are with it?

Ms Louise Warde Hunter (Department of Agriculture and Rural Development): It is indeed. The proposed legislation would very much support the notion of the process and try to make sure that it is firmly embedded right the way across government and, indeed, other organisations as we look to the future of the new councils. The point that the Minister raises around trying to make sure that a proposed policy or strategy is adequately assessed for its impact is absolutely at the heart of it. It will be a case of taking a proper assessment of those impacts and making sure that any adjustments that need to be made are made. Finally, at the heart of it — and the Minister has already referred to the issue of a statutory duty — is the issue around enhancing cooperation and potentially placing the duty on DARD to drive it. That is the position that we are in at the moment as we shape our thinking with the support of Office of the Legislative Counsel (OLC).

Mrs O'Neill: Obviously, it will come back to Committee for full scrutiny as it goes through. I know that stakeholders are keen to see this developed. However, I am quite sure that everybody would have a different idea about how it should or could be done. I am also quite sure that the Committee will bottom that out.

The Chairperson: I completely understand the logic and the principle behind it. I just wonder if a legislative process, which may well produce legislation that cannot be enforced, may place a time burden and put pressure on your good self and the Department whilst all the other Departments do what they want. Is legislation the proper vehicle for doing it, or do we need to place more significance on the rural White Paper action plan and encourage bodies to use it more?

Mrs O'Neill: It is a combination of both. We need to have the latter also, and that will be ongoing. This would just give us a bit more teeth in being able to compel other Departments to make sure that they are also very mindful of the needs of rural communities in policy development. You are absolutely right about the time frame. We set everything out, and we are working our way through the process and trying to deal with all the legalities. We will have to come back and talk to you in more detail as we get further down the line. What I have said to you is really as far as I can go at this stage in developing it and taking it forward. It is very much a live piece of work that we are engaged in.

Mrs Dobson: Minister, thank you for your comprehensive briefing. I would like to focus on the "active farmer" definition. We are told that a decision on the claim threshold for the application of the active farmer test will be taken later in light of further Commission clarification. Minister, you will be aware of the very real uncertainty and concern amongst farmers around this term. Obviously, clarification would be very beneficial to them. First, when do you feel that this issue will finally be resolved? Secondly, once a decision is taken, what measures do you feel a Department will take to administer

the active farmer test? Can you guarantee that this is not a bureaucratic train wreck waiting to happen?

Mrs O'Neill: Obviously, that is not our intention. Throughout all this, we would have liked things to have been a lot simpler than the way that they ended up. I think that it is fair to say that we are in a better position than when we started the CAP negotiations. However, there are still some outstanding issues that the Commission is yet to provide clarification on, which is frustrating for both the Department and farmers alike. So, we are on the same page on that concern

In terms of DARD taking this forward, you will have Norman and the team here after us, and you can really bottom this issue out then. Our job is to make sure that only active farmers have established entitlements in 2015; that is intended as a deterrent. We will do a number of pieces of work over the next number of months or maybe in the immediate future, particularly writing to people who, we believe, are letting their land to conacre and are not the active farmer. We are alerting them to the fact that they may not be entitled or be in a position to claim this time next year. So, it allows them to make business decisions and maybe make some changes. We will also be writing to people who we believe will be on the negative list. Again, that will give them an opportunity to change their practice.

I was in Brussels last Friday in relation to the Russian ban. I had an opportunity to meet with Dacian Cioloş, the Commissioner. I made very clear to him that the lack of clarity is causing big concern. He took that on board and endeavoured to provide more clarity. Hopefully, we will see that in the time ahead. I know that officials are meeting the Commission again on 6 October. That is a number of weeks away, but hopefully we will be able to provide more clarity after that discussion. The main thing is to ensure that, if you are not an active farmer, you do not try to establish entitlements. That is the crux of it, but Norman will be able to pick up on anything that I have missed.

Mrs Dobson: You said that there is an option — and I am happy to raise this with Norman afterwards — to exclude any claimant from receiving a payment if their agricultural activity forms only an "insignificant part" of their economic activity. Do you know how "insignificant part" will be defined? As I am sure you know, every farmer wants clarity around that. Have you any detail on that?

Mrs O'Neill: If you do not mind, I will ask Norman to come in. Do you want to deal with the detail of that?

The Chairperson: Is Norman there?

Mrs O'Neill: Is he even here? Oh, he is not here yet. I thought he was behind me. *[Laughter.]* It would be better if we brought Norman in on the detail. I do not want to make things any more confusing by saying something that is not fully accurate.

Mr Noel Lavery (Department of Agriculture and Rural Development): May I deal with another point that you made earlier? You made a point about bureaucracy and it being overbureaucratic. We do not want to make it overbureaucratic. However, we are mindful of and will advise the Minister about the disallowance that we have suffered. We do not want to be there again. We are coming up to £100 million. As the Minister said, it is not a simpler CAP; it is a more complicated CAP, so we have to put in place robust systems. We will endeavour to ensure that those are not overly bureaucratic robust systems.

Mrs Dobson: Chair, I suppose that I should have declared that my husband is a beef farmer.

The Chairperson: OK.

Mr McMullan: Thank you for the presentation, Minister. Could you give us an update on the nomadic situation? There has been a lot of talk about what the present position might be.

Mrs O'Neill: I know that the Committee has had a keen interest in both this and the residencies issue over the last number of months. It is an issue that has affected a considerable number of farmers who had a long history of trade. Obviously, I aspire to have that all-island trade. I want to make sure that we remove any barriers. I believe that we have made significant progress in dealing with the issue. A processor has approached the Department and asked to apply a voluntary label. We are still meeting all our EU requirements on where the beef was born or reared and slaughtered, but a voluntary label has been accepted. So, discussions are ongoing with the processor and then a new market for that

beef. We are hearing very positive sounds. Hopefully, we will be able to confirm that over the next number of weeks. Significant progress has certainly been made on the issue.

Mr Irwin: Touching on Jo-Anne's question in relation to the active farmer, it could be quite difficult. I am a farmer. I am very aware that many farmers farm quite a portion of the land but maybe set out a little bit of their land. Knowing where that line is going to be drawn is going to be quite difficult. If they were an active farmer, they may be farming only a third of their land and may be doing something else with the rest of it or renting it out. It is going to be difficult to get clarification that actually stands up, if you understand. "Active" could mean not that active, if you understand. Do you have no clear guidance on that at the moment? It is still not clear.

Mrs O'Neill: That is what I said in my opening remarks to the previous question: I do not agree with the position. The fact is that Europe is taking so long to give us the clarity that we require to be able to provide farmers with the clarity, so it is not an acceptable position. All we can do is continue to lobby the Commission, which I have done personally and which Norman and the team will be doing on 6 October when they go out. We are seeking to provide as much clarity as possible. Unfortunately, given how Europe works — as you will know from previous experience — the information sometimes comes well after the fact. We have an obligation to avoid disallowance and any fines, so we want to make sure that we get this right from the start. The whole support system changing is a significant change for farmers and the farming community. We are endeavouring to get that information so that we can provide it as soon as possible.

Mr N Lavery: As the Minister said, the main thing is to ensure that, if you are not an active farmer, do not attempt to establish entitlements. Clearly, land goes out in conacre. You must be active on each field. You will still want to talk to Norman in more detail about that, but that is the principle if you are on conacre.

Mr Irwin: The issue that I wanted to ask about was the definition of "head of holding", which is also not clear. I am not sure whether you are any further forward on that one, either.

Mrs O'Neill: Unfortunately, it is the same answer as the previous one. That is one of the key issues that I raised with Dacian Cioloş last week. We will continue to pursue that with the Commission. We have had such a great uptake of young farmers wanting to sign up to the course to take forward the level 2 qualification; I think that we have had over 3,500. The number of young farmers taking on that role as head of holding is significant. We want to be able to provide the rest of the clarity that is needed so that families can take decisions on how they are going to take things forward next year when it comes to making their claim. All we can say is that we are pushing for clarification. As soon as we have it, the Committee will have it, as will the wider farming community.

The Chairperson: Can I ask for clarification? Have 3,500 applied for the level 2 course?

Mrs O'Neill: Yes. As part of the criteria, you had to have a level 2 qualification, so —

The Chairperson: How does that relate to head of holding? Have we seen a change in head of holding out of that?

Mrs O'Neill: The number of people who have come forward and believe that they may be eligible to apply is a surprising enough figure. Of course, you will have a mix of people who are certain to apply and people who maybe are just hedging their bets in terms of making sure that they have the qualification in case they want to claim next year.

Mr N Lavery: Just on that, the College of Agriculture, Food and Rural Enterprise (CAFRE) is writing out to all who have applied. We are surprised by the uptake considering the evidence we currently use to assess head of holding. We request information about their availability, and we make sure that they are registered and understand the requirements. Clearly, we want to make sure that everybody who goes to the course is going to be able to apply to be the head of holding.

The Chairperson: Do we have the capacity and facilities for that uptake?

Mrs O'Neill: It is certainly more than we expected, but we will accommodate everybody to make sure that nobody loses out because they could not get on the course.

Mr N Lavery: It is a requirement on us to deliver the courses, so we will.

Mrs O'Neill: During the consultation there was a fear that people would lose out because they did not have the relevant qualification, so this is obviously our attempt to accommodate everybody. In terms of facilities, we will make it work.

The Chairperson: That is good to know.

Mr McAleer: Minister, I want to bring you to the rural development programme. I know that you stated that it was your intention to get the Commission to sign off on the programme and that you would waste no time in getting it to the communities so that people could apply for it. Is that process on course?

Mrs O'Neill: Yes, and it is very timely. We are trying to piggyback on the work being done on community plans. We have the new council structure and we will have local action groups (LAGs) that will be coterminous with that, and they are consulting on their community plans. It is good that the two things will dovetail. That work is ongoing. We are trying to have the LAGs recruitment concluded by the end of the year, which will mean that we really will be able to hit the ground running as soon as we receive EU approval for our programme, which will go to Europe in October. They are assessing the programme with officials, and we hope to have a first indication on that in January, with formal sign off by the end of March or April. This will mean that we will hit the ground running, and we will not have the same problems that were witnessed with the previous programme, where it took quite some time to get the programme spend off the ground. This will mean that we are on the front foot.

Mr McAleer: When will the Department send the programme to the Commission for consideration?

Mrs O'Neill: Officials will be before the Committee on 14 October. Straight after that sign off, we will go to Europe with the plan.

Mr Buchanan: You set out dates for the relocation of the headquarters. Do you feel that you will be on target for that? Do you think that the capital money and the revenue that you are looking for will be forthcoming or will that be affected in any way if there is no agreement on welfare reform?

Mrs O'Neill: No. Back in June, when we had a number of issues agreed, the Executive very clearly made their commitment known on moving forward with the headquarters. The Executive's position was that they will provide the funding requirements for the capital and resource money that was asked for. Therefore, I am confident that all the work that needs to be done is being done and that we are working our way through the process. I am very mindful of staff and want to make sure that they feel comfortable with the arrangements. We have everything in train, and I am confident of the time frame. Is it a difficult budget climate? Absolutely, it is a difficult budget climate. However, the Executive's clear commitment is that they will agree to make the funding available for the programme.

Mr Buchanan: Which of the programmes that you have outlined today could suffer as a result of a failure to agree welfare reform? We know that it will bring huge cuts to all the Departments; therefore, the Department of Agriculture will suffer as well as all the other Departments. What will that affect? Will it affect any of the programmes that you outlined today?

Mrs O'Neill: I think that you should divorce the two things, because I do not think that welfare cuts are relevant to the discussion we are having around the difficult economic climate for all Departments. This was always coming down the line, because of the Tory cuts going back quite a number of years.

It is a difficult situation for all Departments. Taking welfare cuts aside, there will be hard decisions for all Departments to make in the time ahead. I am up for that and for prioritising the areas of work that are key in moving forward. I have clearly set out the big challenges for this Department in moving forward, for example, the headquarters, CAP reform, RDP, Going for Growth, tackling TB and getting ourselves to a status of being brucellosis-free. Those are all key areas of work in going forward. I am committed to making sure that we take those forward. However, we are working in a difficult economic climate, and this Department is not going to be any different to any other Department. I certainly do not believe that welfare cuts are the cause of those problems.

Mr Milne: Minister, you talked about support for the beef farmers. Have you finalised your thoughts on how you are going to do that?

Mrs O'Neill: There have been quite a number of areas of work. The area that the Executive, as a whole, have to focus on is targeting new markets and making sure that there are other areas for our beef to go. The core of Going for Growth is that we will grow our external sales. In order to do that, we have to create new markets, and I think that the Department and the wider Executive are willing to find those markets.

As for practical support, the core of Going for Growth and the farm business improvement scheme is to help all the farming industry, and the beef sector will be a beneficiary of that. The measures we are looking at are on knowledge transfer, innovation and making farming more efficient, productive and profitable. The schemes set out under Going for Growth and the farm business improvement scheme are a clear opportunity for us to be able to support the beef industry and other industries. The beef industry will benefit from that.

Miss M McIlveen: Farm safety and farm security are obviously two big issues. With regard to farm safety, is it still your intention to continue to have events? Can any other assistance be given to highlight the issues around farm safety?

Mrs O'Neill: Absolutely. Farm safety is everybody's priority. The Health and Safety Executive (HSE) takes the lead, as you know, through the sponsor Department, DETI. However, our Department plays a key role. We are very supportive of all the initiatives and we work very hard. We need to look at some things and be a wee bit creative, particularly when it comes to grant aid from this Department. Are there farm safety elements or conditions that we can build into that? We have a role with the farm safety partnership and are very much involved in that.

Miss M McIlveen: Under grant aid, can any assistance be given around farm security, for lighting, cameras, trackers and so on?

Mrs O'Neill: That is something that we can look at in smaller grant schemes under the new RDP. There will be an ability to take forward those sorts of smaller grants; something similar to what we had under the farm modernisation programmes in the past, in which different items were weighted. I think that things that give a health and safety benefit should have higher weighting. We are looking at all that in designing the new programme.

Mr N Lavery: We were discussing just this morning the question of working with the Health and Safety Executive, how we are communicating and whether there any other communication methods that we are missing. It is something that we really want to look at. We advertise and have stuff in the press, but have we missed anything? We want to make sure that we are maximising the partnership. The partnership does a brilliant job, but are we maximising how we get the message out?

Miss M McIlveen: That is useful, given the comments of the Committee and the conversations we have had about rural isolation and access to the Internet. It is about whether the messages are getting out to people.

Mrs O'Neill: The Think SAFE campaign has been very effective and good, but campaigns tire very quickly and people sometimes start to switch off to the message. You have to keep refreshing it and make sure that you keep it live, so that people always have it on their mind.

The Chairperson: We had the Ulster Farmers' Union here last week. In the press, its members have called for advance payments of the single farm payment. The Committee has always pressed you and the Department on the capability of making advanced payments. Minister, I note that Andrew is sitting behind you. There are two aspects to this. Are we any closer, as a region, to delivering advanced payments? When we are on the subject of advanced payments, we should mention the spectre from last year, which was remote sensing and the effect it had on two areas of Northern Ireland, not least my constituency of North Antrim. What more can you tell us about remote sensing this year? Have you communicated with the farmers? Do they know that they are not in line to get their payment in December? What can you tell the Committee?

Mrs O'Neill: First, I will talk about advance payments. I know that last year the Committee accepted that we had made significant improvements, and that more people were paid than ever before. I have always said that I want to get to the position where we can make advance payments. We will not be making advance payments this year. However, it is my intention, as I have impressed on officials, for that to happen as soon as we can do it. I know that every effort is being made to get to that point.

We have a lot of challenges in the Department, particularly given where we are with CAP reform. All the major changes — the remapping work and everything that has happened — has made it an extremely difficult year. In planning for a new CAP, the workload is challenging. The pledge I make to the Committee is that I will endeavour to ensure that more people are paid this year than were paid last year, and last year was a record year. People were paid four months earlier than they had been over the past couple of years. However, your point on remote sensing is valid in that it could definitely have been done better. There was a knock-on effect from picking out two areas. We have had that discussion on many occasions. We will not make the mistake of picking out just two areas again. In using the satellite imagery, one of the challenges is trying to confine it to a geographical area; however, that said, I made it very clear to Andrew and his team that this year we would improve things and do things better.

The Chairperson: I know that Noel has information about it, but you say that you will not pick two areas. I understand the nature of the concentration of the areas from the satellite and aerial photographs. Does that mean that you will concentrate on four areas, and inflict the same pain on them? I think the key is communication.

Mrs O'Neill: I totally agree with you. Given the European rules, you will remember from last year that one of the problems is that, even if we did it earlier, it would only be 10 or 12 days earlier, if memory serves me rightly. We said that we would endeavour to make sure that people were alerted as soon as we could possibly tell them, which will be the case this year. We said that we had increased the number of inspections to 500 this year, and four areas is correct. That means that fewer people will be involved. If you remember, the problem was that there were so many people in an area, so that would impact on the feed mills and everybody involved in the agrifood industry. I suppose that, in a way, this will spread it out a wee bit more. It does not mean that it will share the pain, but it means that it will be less concentrated than it would be if it were in two areas.

Mrs Dobson: Can I go back to the subject of rural proofing? I know that you touched on this at the start when you were speaking to the Chair. In your letter to the Chair you said that legislation on this is at an early stage. Minister, you will be aware that much legislation that will impact on this is at an advanced stage. I am thinking, in particular, of area planning, Transforming Your Care, etc. You are planning for legislation to go through in this mandate. What impact will that have on other legislation in this mandate? You will be aware, as we all are, of the real concerns among our rural communities regarding, in particular, the closure of doctors' surgeries, post offices and, most importantly, schools. Many rural dwellers feel that the heart has been ripped out of their communities and villages. Are you concerned that this legislation will be, possibly, too little, too late?

Mrs O'Neill: No, I think it will enhance what we have. As I said, all Departments have an obligation to rural proof; all their policy people go through rural-proofing training. I think that that is not enough. We need to be able to do more. This legislation will, in terms of future decisions, help us to have a wee bit more power over what we can compel other Departments to do. So, it is not a case of too little, too late. For me, it will very much give us an opportunity to enhance that and compel other Departments to properly and actively make sure that everything they take forward is rural proofed. You are very aware of the challenges. We know that quite often in rural communities, the post office, the school or the bank are at the heart of the small community. For me, this legislation can only improve the picture.

Mr Irwin: When do you expect to roll out the new farming business scheme? Next year? What date?

Mr N Lavery: The farm business improvement scheme is expected to be rolled out during 2015-16.

Mr Irwin: We are not that far away from 2015 now.

Mr N Lavery: No. Obviously, there is a lot of work to be done; we want to get it right. We are looking at the business case, and we have been consulting stakeholders, but it would be during 2015-16.

Mrs O'Neill: When we bring it to the Committee on 14 October, we can then bring it to Europe. Once they approve it, then we can do the preparatory work to have the scheme defined in order to move forward. Until we have European approval we cannot publish detailed scheme rules. That is why we are talking about the next financial year, 2015-16.

Mr Irwin: I think that it has been some time since there was a worthwhile scheme in Northern Ireland. It is very important that that gets up and running as soon as possible.

Ms Warde Hunter: May I just add that the work of the RDP programme board and the scrutiny that that very wide grouping — I think there are 41 members — has had around all the measure pieces, including this, means that we have been able to get some feedback on the ground. Also, in terms of refining it at the moment, as a member of the Going for Growth board, effectively the Agri-Food Strategy Board (AFSB), I have been able to take back into the Department the sorts of issues that the AFSB has had as well. The amount of scrutiny it has had to date is very helpful.

The Chairperson: William raised a very valid point with regard to the farm business improvement scheme. It is something that we have been pushing and urging for a long time. DARD will not be able to do it on its own; industry will have to step up. You will not be able to grant the fund to 100%. Businesses cannot and will not have the capacity to do it on their own; they will need the support from building societies, banks and that sector. Are you confident that, when you get to the position where you can set in place a good scheme that will bring real dividends, the banking sector will support the industry enough?

Mrs O'Neill: That is going to be one of the challenges in taking this forward. The Executive have agreed up to £250 million, but it is down to industry take-up. That could be one of the barriers. In terms of the next stages of work and our moving forward, it has to be around approaching those people and supporting the industry. You would like to think that the fact that we will have well-funded 40% grant aid will attract those funders to be able to assist the farming community. It will very much be down to the individuals coming forward.

We want to do a piece of work on encouraging people to come forward and talking them through their options for planning their business and putting a business plan together so that, when the funding goes live, they have everything in place to go to a funder, if that is what is needed, and then come forward for grant aid. There is a lot of work to do to make sure that we have industry buy-in and take-up. Given the situation of falling prices and rising costs, it could be a difficult climate for people to come forward in, so they are going to need other funders to assist them to be able to become more efficient.

Mr Irwin: That will probably be an issue, but I think that the banks are more relaxed than they were. Some banks are actively encouraging investment at the minute, so there is a move in that direction. Hopefully, that will continue if prices do not continue in a downward spiral.

Miss M McIlveen: We all recognise the vital and exemplary work carried out by the Agri-Food and Biosciences Institute (AFBI). Obviously, with regard to the budget cuts, there are concerns that the level of commitment may be reduced. Can you give a commitment to AFBI?

Mrs O'Neill: To be clear, AFBI is not being singled out. As I said, there is a difficult economic climate for every Department. AFBI is not being treated differently from any other element of the Department. You will be aware that we have a resource budget of about £196 million, and about £106 million of that is for staff costs, so there is quite significant pressure on inescapables.

AFBI receives something around 18% of the rest of that resource money, which is about £40 million. AFBI, like other elements or areas in the Department, has been asked to bear down on costs and see where it can make savings. There has been a bit of incorrect reporting or a wee bit of misinformation around the situation regarding AFBI. AFBI has something like 70 ongoing research projects that have been commissioned by the Department across all areas of work. Nothing new has been commissioned for 2014-15, but plans are already in place for what we are going to prioritise and what research we are going to commission for the year ahead. There is no singling out of AFBI; it is just part of the prudent financial management in the Department and looking at all areas of work where we can make some savings.

Miss M McIlveen: Obviously, it does a considerable amount of work on fisheries, too. That is my Segway. Can I ask for an update in relation to the fisheries task force?

Mrs O'Neill: I might have that with me, if you will give me a second. I agree: AFBI is important in terms of the fisheries, particularly when it comes to December, when we go out and argue our case. We need to have a scientific basis for our argument. It is key in terms of moving forward.

The second meeting of the task force took place on Thursday 11 September. A number of areas were discussed, particularly around the European Maritime and Fisheries Fund, ensuring that there is more correspondence and communication and ensuring that we get that funding closer to the ground. That

was an ongoing discussion. There was also discussion on fleet economics, fishing opportunities and common fisheries policy reform. At least, that is the second meeting. I am quite sure that industry will come forward when I meet them over the next couple of months. When we plan for December, we usually meet around October time. I am quite sure that I will hear their views on how successful they feel the task force is. With regard to the commitment that I made, I am glad that that piece of work is ongoing.

Miss M McIlveen: Can I just ask you to share information on the task force to date with the Committee?

Mrs O'Neill: Yes. That is fine.

Mr McMullan: Has there been any discussions on community planning, which would be vital for rural proofing? How are you tying that in with the new councils regarding the separation of rural and urban?

Mrs O'Neill: There will be challenges. Again, there will be pressure on all Departments on how they transfer that to councils, particularly around urban regeneration. Councils, in their new structure, are developing their community planning. I assume that core to that will be a rural development aspect. I have asked officials to engage with councils to see that there will be a very strong service-level agreement between the council structure and the new LAG because the council will provide the administration. I think that if we are going to be successful, the community plan and rural development have to interlink and work together in order to complement each other. Funding that comes from the rural development programme for LAGs will be for rural spend and for that only.

Mr Elliott: I apologise; I had to go out because I had to ask a question at Question Time. I did not want the Principal Deputy Speaker to rap my knuckles.

Minister, thank you. I missed a couple of questions, so I apologise if my question has been asked. It relates to the funding issues. You indicated when you presented that decisions will be taken on funding as the process goes on. You mentioned a £7 million bid for TB compensation. I assume that that will be in the October monitoring round. Is that right? If you do not mind, can I just ask what the fallout will be if you do not get that?

Mrs O'Neill: As I said, we are already in difficult and challenging times for all Departments, particularly, I suppose, on this side of the June monitoring round, when we all had to look towards 2.1%. For me — and I hope that the Committee will support this bid going forward — this is a legal requirement. Unless we take forward legislation to remove that requirement, we have to provide TB compensation. I ask for the Committee's support in taking that forward.

Coming out the other side of that, and if we do not receive that funding, I will have to look at all the options, good or bad. Everything will be on the table for discussion. In moving forward, I will come back to the Committee to talk that out. It will be challenging.

Mr Elliott: What you are saying, Minister, is that £7 million has to be found one way or another, whether you get it from the September or October monitoring round or you have to take it from somewhere else.

Mrs O'Neill: It is a legal obligation.

Mr Elliott: What I am asking is this: if you have to take it from somewhere else, where is that somewhere else?

Mrs O'Neill: As I said, until we get to that point, we are only surmising about what we would do. Everything will be on the table. My permanent secretary, senior officials and I will have to sit down and work our way through it and come back and talk at that time. At this point, I could pick things that would add up to £7 million, but that would not be the right way to do it. We have to look at everything in the round. I have priorities in moving forward. We need to protect less favoured areas and the work that we are doing to tackle poverty and social isolation. As I said, nothing is on or off the table. Everything will be considered.

The Chairperson: OK. William and Tom have indicated that they want to ask questions.

Mr Irwin: Does the Minister support the introduction of export refunds for dairy products that are affected by the Russian ban?

Mrs O'Neill: It is something to be considered. When it came to discussions last week, DEFRA did not have the view that that would be the way to go. However, industry here is saying that it is. I made the case that my local industry was asking for that to be taken forward. I think that it is still in the mix. Last week, we impressed on the Commission the fact that anything that it did needed to be timely, because, in the past, we have seen Europe intervening way too late. We made sure that everything that the industry here was asking for was put on the table.

Mr Buchanan: Minister, will the administration of the new RDP scheme be done by outside providers?

Mrs O'Neill: We will have service-level agreements with councils to provide the administration, but it will be down to the LAGs themselves.

Mr N Lavery: There is a range of programmes —

Mrs O'Neill: I am sorry, Mr Buchanan; you mean outside. I am thinking of priority 6. You are thinking of the wider —

Mr Buchanan: Yes.

Mrs O'Neill: Yes, there will be a combination.

Mr N Lavery: There will be a combination. It depends on the scheme. We will want to maximise the technical assistance available in the programme, and we are looking at delivery options and what will be internal and external, and we will advise the Minister accordingly.

Mr Buchanan: How much has been assigned to deliver this?

Mrs O'Neill: The whole RDP?

Mr N Lavery: The technical assistance is about €37 million, and then we have our own internal delivery costs, which would be part of the overall DARD budget.

Mrs O'Neill: We can give you a definite figure, but it is approximately £37 million.

Mr Buchanan: If you could make that available to the Committee —

Mr N Lavery: It is a significant challenge to deliver. These are very significant schemes.

The Chairperson: Tom has indicated that he wants to come in.

Mr Elliott: Not on this particular one, but perhaps on another one, if that is all right?

The Chairperson: As long as the Minister is OK with it.

Mr Elliott: I have a very quick question around the relocation of DARD and its agencies. Have you accessed a location for Forest Service in Fermanagh?

Mrs O'Neill: Inishkeen House.

Mr Elliott: Is there room in Inishkeen House?

Mrs O'Neill: There is. We did some survey work, and it pointed out that there was an ability to accommodate the number of staff there. We are talking about 60 —

Mr Gerry Lavery (Department of Agriculture and Rural Development): We are working on the basis of initially working from Inishkeen House for a number of years and then eventually looking at the Enniskillen campus.

Mr Elliott: My understanding was that Inishkeen House was almost at capacity. Does that mean that you will be laying off other staff from Inishkeen House so that there will be a reduced number of staff?

Mr G Lavery: I do not think that we are; I am not aware of laying off any staff. I think that modern space standards are changing all the time. You will be pleased to know that more and more staff are spending more and more time on farmers' premises rather than our premises. So, the outworking of that —

Mr Elliott: That might not be a good idea. *[Laughter.]*

The Chairperson: Minister, you will allow me to squeeze in one wee question, which is, of course, on the very important issue of residencies, the beef industry, and the agreement that they have formed, albeit that not everyone is happy. However, it affects DARD and the animal and public health information system (APHIS) and the requirements to bring APHIS up to standard so that residencies can be identified at the point of sale. However, there is this lag or delay in getting the system up and running to show that. How quickly can that be done and what pressure can you apply to the Department to get it done more quickly?

Mrs O'Neill: We are actively working to make sure that we can turn it round as quickly as possible, given the fact that we need software changes and changes to APHIS. It is challenging, but, while we are working our way through that, we have devised a system where we can provide the movement history by email. There should be no delay; we are making sure that we are doing something until such times as we have it on APHIS. The normal turnaround time would be around six months. However, the Department is prioritising this work, because, now that we have a way forward, it is important that nobody falls short on what needs to happen, so we are doing that.

The Chairperson: OK. We wish you all the best with that, Minister and for the future. I thank you and your officials very much for your time; we squeezed it all in in just over an hour.

Mrs O'Neill: Thank you.