



Northern Ireland
Assembly

Committee for Enterprise, Trade and
Investment

OFFICIAL REPORT (Hansard)

Going for Growth: Agri-Food Strategy
Board/DARD/DETI Briefing

20 June 2013

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Patsy McGlone (Chairperson)
Mr Steven Agnew
Mr Paul Frew
Mr Alban Maginness
Ms Maeve McLaughlin
Mr Stephen Moutray
Mr Robin Newton
Mrs Sandra Overend

Witnesses:

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

The Chairperson: We have with us today Mr Tony O'Neill, chair of the Agri-Food Strategy Board. You are very welcome, Tony. It is good to see you again. We also have Mr David Thomson, head of the policy group in the Department of Enterprise, Trade and Investment (DETI); and Mrs Colette McMaster, head of the food, farm and rural policy division in the Department of Agriculture and Rural Development (DARD). You are all very welcome. Thanks for being with us here today. There is a lot to talk about and, more importantly, a lot more to act on. I went through your document in some detail again last night. There is a lot of very useful stuff in it, but the action column is the key element. Clearly, that is what you will want to take forward for the many people out there whose livelihoods are reliant on the agrifood sector and for potential economic growth in order to create some more jobs.

Tony, I presume that you will make the opening statement.

Mr Tony O'Neill (Agri-Food Strategy Board): I will. Thank you for inviting us here today, Chairman.

The Chairperson: You have been here before, so you know the format, as, I am sure, do the people to your left and right, but just before you start, let me say that we will have your opening statement and then we will have a question-and-answer session with members. Thank you.

Mr T O'Neill: Thank you, Chairman. Before I update you on 'Going for Growth', I thank the Committee for going out and visiting some of our farms and processors back in March. I think that was an excellent idea and I certainly encourage you to do that again and to meet us. No amount of writing and talking can replace going out and seeing at first hand what it is all about. So, thank you for doing that.

You will all be aware that the Agri-Food Strategy Board was set up almost a year ago today, with the objective of setting up a fairly ambitious and aggressive action plan for agrifood over the next seven years. Our agreed vision for the programme is to develop a growing, sustainable, profitable and integrated agrifood supply chain focusing on market needs.

I will take a few minutes to run through the key elements and highlight the main recommendations and targets of the work. The central premise that I keep harping on about is that we are one supply chain. There are significantly different views in Northern Ireland, with people talking about the farming community and the processing community as two separate things. We are one supply chain and are totally interdependent, and, frankly, we need to start acting and talking that way. That applies to the industry as well as to government.

You will have seen in the report that our targets are to grow our turnover by some 60% to £7 billion; to grow employment by 15%, with 15,000 new jobs; to grow sales outside Northern Ireland by 75% to £4.5 billion; and to grow added value by some 60% to £1 billion, which is clearly a major driver for the local economy.

The report contains 118 recommendations and covers a wide range of themes, including seven overarching strategic themes that apply to all the sectors. Clearly, we have looked at the individual sectors, and you will be aware that there are 10 sectors in agrifood, including beef, poultry, dairy, and so on. We have picked out seven key themes overall, and those are: growing market share, which obviously applies to everything; working together, which applies to the supply chain as well as to government; sustainable growth; innovation, entrepreneurship and skills; better regulation, which is close to my heart; financing growth; and the food fortress, which is very topical in today's environment given the recent issue of horse meat in the food supply chain.

We also recommend that there should be four substantial bodies across the industry to represent the different elements. One of the key ones is marketing. Elements of marketing are spread over many Departments and functions in Northern Ireland, but we think that there should be one marketing organisation. We also think that there should be one body for innovation and skills because, during this exercise, we found that, as there are so many places to go for some of these activities in Northern Ireland, it is, frankly, extremely difficult. We also think that one body should represent the industry because, again, we are a small community and, in real terms, a small part of the world, and because there are far too many individual parts of the sector, we need to speak with one voice.

The theme of having a marketing organisation has run through previous reports on agrifood over the past 10 or 15 years, and it is as relevant today as it ever has been. All of us need to understand that we are trying to sell outside this small island and are looking for international sales. We need to project ourselves into many new markets, but we need support from government on the other side to access some of them. So, there is an issue with accessing markets and selling to those markets when we get into them. We, therefore, see the marketing organisation as one of the key pillars of the action plan around the strategy. We are of the view that this is an action plan, not a strategy that we can set to one side. We are saying that if we do these specific actions, we will achieve a result. That is what this is all driven by.

The marketing organisation will, in turn, allow us as industry players to drive sales outside Northern Ireland, which is effectively what we all want to do. Communicating what we do best is key to selling our produce. We have a good image out there in the world. There is a green image of Ireland, whether it be North or South, and we need to capitalise on that, using our best endeavours to sell outside.

On the environmental and sustainability bit, we in Northern Ireland have a reputation for, if you like, genuine food. The industry must develop and drive profitability all the way through the supply chain. We have talked repeatedly about sustainability in agrifood. To be sustainable, you have to be profitable. One of the key issues that we have had to address and recognise is that the farming community still believes that it is separate from us or that we are separate from it. We say that, for us to be sustainable — that is the supply chain — the farmers and processors must be profitable. There is no point in one or other part of the jigsaw being dysfunctional, because clearly we cannot be sustainable in that context. Sustainability includes the effect that we have on our environment, because this is our home, and we need to protect it for our children and for the future, the same as anywhere else.

We need a profitable and sustainable cost supply chain. Part of the reciprocal support that we are asking for from the Government is to assist business improvement across that supply chain, whether

in farming or in processing. We are looking for public intervention to support the mechanics, not to help that take place but to go faster because, despite all the difficulties that we have had in the past 10 years, agrifood has been very successful throughout that time. We continue to grow and develop, and, frankly, the more support that we get, the faster we can grow and the bigger we can be.

The industry must develop and communicate innovation in the integrated supply chain. Communication is about sharing best practice, and, as we say in the report, we are looking to develop business models for each segment of the supply chain. When we talk about business models, we mean right from animal genetics to how we grow those animals and process them. It is right through that supply chain. Frankly, we have to influence each lever to allow us to get an economic model that works for everybody in the supply chain and meets the needs of the market. That is a fundamentally different approach from how we do things in Northern Ireland. At the moment, it is true to say that many of our producers are more influenced by breed associations than market requirements. We have to change the way we approach the selection, the genetics and the type of animals that we grow to ensure that they meet the needs of the market and to ensure that the quality that goes through the processing system develops the best possible value for money at the back end.

In the programme, we ask for support to the tune of £400 million for the whole exercise, £250 million of which is targeted for business improvement in the farm base and includes all the things that I have been talking about. It is for people who are developing and improving their farm base. We are not looking for environmental-type products but sustainable business products. The partnership that we are looking for includes processors, producers and government. That is not only the two sponsoring Departments — DETI and DARD; we need the same kind of partnership and joined-up approach from the Department of the Environment (DOE), whether that be planning or environmental, in all the issues that are associated with it. We are looking for a more business friendly approach from some Departments and for a proportionate risk-based approach to regulation. That will allow us to move much faster in Northern Ireland than we have been able to do in the past.

We understand that the recommendations are challenging. Many people have said to me that we are fantasising and that 60% is not realistic. The fact of the matter is that if we continue to grow in the way we have in the past 10 years, it will be. We have a natural growth embedded in our industry of 40%-plus. So, 60% may well be a stretch, but it is not unrealistic. The challenge is the speed at which we can get there. We can get there in three years or in 20 years. My view is that we can do it very quickly if we have a joined-up approach to the programme. The £400 million support that we are asking for will leverage about £1.3 billion investment from the private sector. Industry is up for it. We ask for the support to do it, and I believe that this Committee will give us that support. We have real opportunities to grow.

The recent issue with meat contamination has crystallised many of the opportunities that we have been talking about in the past year. There is an opportunity today to move much faster to meet market requirements and build on the credibility of Northern Ireland food. Endorsement from this and the other Committees will allow us to move much faster and take those opportunities.

The Chairperson: Thanks very much, Tony. Are you receiving any positive vibes whatsoever from DARD or DETI about that £400 million or even part of it? I read through your plan last night. As I looked at it, I asked, "What or who is the real principal driving force for this plan?" OK, there are yourselves. Just so that members are aware, there is an event in the Stormont Hotel at 7.00 pm on Monday for stakeholders and the like.

Mr Newton: An excellent venue, Chair. A good choice of venue.

Mr T O'Neill: A local man.

The Chairperson: Who is the host, channel or driving force that picks this up and says, "Get this done." I went through the 118 recommendations last night. Some relate to DETI, some to DARD and some to Invest NI. The Committee can decide to chase up the recommendations that relate to the Department of Enterprise, Trade and Investment and Invest NI, and ask them what they are doing about x, y and z. However, who just shakes the bag occasionally and says, "What is going on here? Make sure this is being done." It could be a person, a Department or whatever body other than yourselves.

That plan of implementation will be crucial, but the driving force behind it and for seeing it through will be even more important. You can have all the lovely documents you like, but if nobody is pushing it all the time, it will move incrementally but maybe not in the direction that you want.

The Committee visited Brussels a couple of months ago to examine the potential that arises from research and development. There is very poor pick-up in the North on framework programme 7, which is about research, innovation and development. We wanted to make sure that that was not the case with Horizon 2020. We met Commissioner Máire Geoghegan-Quinn and other representatives when in Brussels.

Looking through the plan, opportunities that sprung off the page at me were with Bord Bia and its equivalent in the North. There are also opportunities with universities. You have the excellent facilities at Queen's University and University College Dublin. There is all that potential to draw down funding to help the industry to push its way forward. I am anxious to hear what thinking you have done around that and whether availing yourselves of those funding opportunities has been factored in, which will help to support, drive and create better industry in the North, and, through Horizon 2020, in conjunction probably with the rest of the island.

The document mentioned overcoming the barriers to shared land use, but you were looking at it from a taxation point of view. Farmers have mentioned the price of land to me and spoke about anaerobic digestion (AD) and photovoltaic projects, which are being increasingly advertised. A piece in the 'Newsletter' about three weeks ago listed postcode areas where they wanted to take land. I was told that prices can vary from £250 upwards per acre for AD plants and £400 per acre for photovoltaic. Where is the tipping point? Where is the balance to be drawn there with the potential for the industry to grow while making sure that the renewable sector is growing at a pace that it can grow at?

There are also other factors at play that could come in. At one level, you are saying that they are very advantageous, but, at another level, they could be having a retardant effect on the growth of the agrifood industry.

Those are just a number of issues that come to my mind, Tony. Do you want to give us your observations and professional thoughts on those?

Mr T O'Neill: I will start with the easy one — the £400 million.

The Chairperson: That is the easy one?

Mr T O'Neill: That is the easy one. So far, the message I am getting from various Ministers is that it is doable. That is not to say that it is easy, but it is doable. There are different elements and different levels of difficulty about where you start to rub up against EU rules and what programmes you would need to go for clearance. The consensus appears to be that it is doable, but, so far, we are only talking. It is easy to talk. We still look to the action plan. The point that you made is absolutely correct. It is an action-based programme. That is why I say that although I hesitate to call it a report, it is an action plan with specific actions that we have defined. We are saying very clearly that if those things are done, you tick the box and you get a result.

You will be aware that the Agri-Food Strategy Board remains in place for at least the next two years. Our view is quite simply that we will be the adjudicator on the action plan. At the moment, the report is in circulation in the different Departments, which are looking at how they will implement it, but we will do the quality control.

The Chairperson: You are going to do the quality control, but who shakes the tree to make it happen?

Mr T O'Neill: We are inclined to think that we will be shaking a whole lot of trees.

The Chairperson: Good, I am glad to hear that.

Mr T O'Neill: We would like to think that it is going to be a smooth transition. At the end of the day, we are in place to drive it, and we will drive it. If it is not being successfully driven through, frankly, that will be pretty evident, and we will be pretty vocal in saying that it is not happening the way it is supposed to happen. As far as we are concerned, it is our report and our recommendations, and our reputation that is behind this. We will guard that reputation jealously. If it is not being driven the way

we want, we will let you know. I have no doubt that, in the future, I will be sitting here talking about the progress of implementing it, and if there are issues, we will let you know. Clearly, we will expect you to support us in moving things forward.

So far, we have received overwhelming feedback across the piece that people want to make it happen. It will be down to a detailed interpretation of what the report means. In truth, that is why we say that we are part of it going forward. We are not simply passing the report over to the Department and saying that it should implement what it thinks it means. We are saying that we define what it means and that it has to reach agreement with us that it is implementing what we asked it to, not something else by the same title. It is very easy to say, "I did that", but it is not quite what was originally meant. We will do that and we will do the quality control. It is action-based. We are clearly calling for support right now because we think that there is a window of opportunity for agrifood that has not been there for the past 20 years, and it will gradually diminish as the economy starts to recover. We are in a very good place at the moment and should take the opportunity while it is presented to us.

The point I made about the food security element coming out of horse meat was that it has made everybody realise that agrifood is very important and the controls that are exercised around it are very important. The reputation of the retail trade is on the table. It is putting in place, with us, controls that will only be good for Northern Ireland. That leads me to your comment about co-operation or collaboration with different institutions in the South. There are many things that we could do together that would help us on food security. That is a very real win that we can and should be working on today, but there are also many things that we can collaborate on to allow us to access European funding.

The Chairperson: On that point, it might be useful to hear from both Departments about what work they have done to prepare for Horizon 2020 — I am not breaking your discourse, but it is the appropriate time, Tony — because there are going to be opportunities there. I know that, certainly on the rest of the island, work is pretty well advanced in drawing up projects and schemes so that a range of industries, not just the agrifood sector, can avail themselves of them. It might be helpful for us to hear from the respective Departments at this point about the preparatory work they have done around this, or other sources of funding that might be available to help with the agrifood strategy.

Mr T O'Neill: They have been asked to address the Agri-Food Strategy Board on exactly that point to see how we can work this together.

Mr David Thomson (Department of Enterprise, Trade and Investment): As you know, the Department is producing an innovation strategy, because we believe that innovation and R&D, which is a subset of that, are crucial. That is well advanced, though it has taken longer than we had hoped to pull it together. We have also funded a number of people who are working full-time on this, including Horizon 2020. We can give you a short further briefing on the detail. I do not have the detail with me.

The Chairperson: The Department is back up before the Committee on 4 July. It would be useful if we could hear what tangible projects you are working on.

Mr Thomson: We will give you a report on that.

The Chairperson: That would be helpful.

Mrs Colette McMaster (Department of Agriculture and Rural Development): In DARD, we have an evidence and innovation strategy. As part of that, we are looking at the opportunities under Horizon 2020. I can provide you with an update on what we are doing on that.

The Chairperson: That would be very helpful.

Mrs McMaster: Part of the work that officials will be doing over the coming weeks will be around looking at funding opportunities. Tony referred to the recommendations from the board to Ministers. The Ministers now have to look at those and consider them. As part of considering them, we are looking at what the funding implications are for government and for DARD, and we are scoping out what opportunities are there. We are also preparing to consult on the new rural development programme for 2014-2020. We will continue to look at the potential of that new programme to see just

how it can line up with what comes out of the board's report. Again, that is work in progress and is part of the process that we are going through.

The Chairperson: It would be helpful if we had some updates about the tangible projects of a collaborative nature that are being thought through. Tony, I am sure you will be as anxious, or more anxious, as anyone else in the room, to hear about those, particularly if they are not happening.

Mr T O'Neill: Absolutely.

The Chairperson: Do you want continue, Tony?

Mr T O'Neill: The R&D project is the same. To be perfectly blunt: we are saying that we collectively need to sit down and be more imaginative about how we put projects together to ensure that we can access the European programmes. We will be pushing that button very hard.

You also referred to land use. We mentioned taxation, inheritance tax, and so on, as some of the harder things with land use. That is a piece of work that we think needs to get fairly significant attention so that we can find out how you can actually get access to land in Northern Ireland. We all recognise that there is a reluctance for many farmers to pass land on for all sorts of reasons. It is one of the mechanics that we have to find a solution to. With many of these things, we are not in a position to say that we know how to do it. We are saying that this has to be done and a piece of work has to be carried out to allow it to happen.

We were surprised that the inheritance tax, or taxation regime, was not as big an issue as we had thought. We brought in tax experts to brief the Agri-Food Strategy Board. We were very surprised to find that many of the things that we had considered to be problems were actually problems of perception rather than real problems. One of the things that has arisen out of that is that we have had those tax experts go and present the story to the Ulster Farmers' Union, which, in turn, is now looking at how it can communicate it to its members and encourage them to open up some of those discussions. Many of the barriers to those programmes were almost cultural rather than fiscal. So, there is movement on that, but there is a huge need to find out how we get scale in farm enterprises across Northern Ireland. That applies right across the piece.

The Chairperson: Thanks for that.

Mr Newton: I think that this document is very exciting. I was going to say that it was exciting for the sectors, but you have actually gone across sectors and broken traditional boundaries to some extent. I like the holistic approach that you have outlined. I think that the foundations are there with the food fortress idea, the R&D idea, developing the skills base and the introduction of stretching targets. I have to say that I agree with you on the stretching targets. They are ambitious, but they are worthy of being in there. I think that you are going to face a challenge with the co-operation. You have DETI, the Department for Employment and Learning (DEL), DARD and DFP, which are all necessary, and that holistic approach is absolutely necessary.

I want to ask you two questions. The first is on the larger supermarkets, and I know your background, and so on. The large supermarkets are frequently criticised for squeezing the smaller suppliers and maybe even some of the larger suppliers. What will be the synergy between you and the larger supermarkets as the strategy is rolled out?

One of the other areas in the success of particularly unique products is the development of a brand image. Forgive me if I have missed that within your document, but is there a concept in your thinking of developing a brand image that will portray all the good things that you have said about our environment, wholesome foods, and so on and so forth? If so, how do you intend to project that plan?

Mr T O'Neill: If you do not mind, I will take the supermarket one first. I hesitate to say this, but, in a funny way, the horse meat issue has been good for us. It has made people very aware of the potential for fraud in the food supply chain, and the retailers have become extremely sensitive to how close their reputation is to the edge of the operating envelope. The major retailers in the UK have become very aware of their supply chains, and they are all tightening them up. Some of that is good and some of it is bad, because, frankly, they are applying rocket science where rocket science does not apply. However, they are tightening up their supply chain and they are moving a large amount of their sourcing policy back into the UK and Ireland, which presents huge opportunities for the food

sector. That is why I am saying that this action plan is extremely timely, because all the things are in our favour at the moment.

It is true to say that the UK has, in any event, been in short supply. The UK still imports something like £18 billion or £19 billion of food every year, so there was always a good demand for food in the UK. We have seen a long-term trend towards local supply being accelerated. That long-term trend was there anyway, simply because the world economics are changing and the sources of cheap food that the UK was importing from for many years are going away — those people are now eating those materials themselves or are diverting them to Asia where there are better markets. So, the cheap supply line into the UK and Europe in general is disappearing. All the retailers had a long-term strategy to replace that, but the horse meat scandal has effectively made them accelerate that programme, to the point that they almost want to change overnight, which is not possible. That is going to put major pressure on all the protein supplies in particular. My sector, the poultry sector, simply cannot meet the market demands today. That is good for us; it drives investment in the sector and drives up average prices across the market.

The brand image is something that we have had a lot of talk about. It is almost, if you like, the environmental image that we want to project. It is fair to say that, for a long time, Northern Ireland's image was flames on television sets. That has been changing these past 10 years. We have to move and accelerate that. We see the marketing body as being largely instrumental in doing that.

Our company has produced videos of Northern Ireland farms and the way in which we do business in Northern Ireland. We push those out to our customer base and, frankly, anybody who is interested. We need to do that kind of overarching image-building on a sustainable basis. We see that as one of the planks of the marketing body.

Mr Newton: I am a strong believer in exploiting the brand. Am I right in saying that there is not a part of your action plan to take forward that brand, except to enhance the environment of where we are?

Mr T O'Neill: We see it as a timing issue. It will be one of the core actions for the new marketing body. It will take time. Frankly, we did not have sufficient time in the programme to do it ourselves. We see it as an outworking of this.

Mrs Overend: I am not sure whether I need to declare an interest: my husband is a pedigree pig farmer. You are very welcome today. Thank you very much for coming.

The headline of the report is to target sales and increase them by 60%. That is quite a considerable amount. Do you think that that is realistic, given that we have limited land capacity? That is not going to increase.

Mr T O'Neill: We have limited land space, but we can certainly use it a lot better than we do today. That is one of the more difficult long-term elements. In very simple terms, the dairy growth that we are talking about is to increase milk solids, not volume. It is a little bit of volume, but it is mainly quality. Poultry, as you know, does not need a huge amount of land. It does need land, but it is not a huge consumer of land. It is the same with pigs. Pigs and poultry together require something like 550 new units to be established as fast as we can in real terms. We are looking for 400 poultry houses, and the pig sector requires 150 additional units. Those intensive sectors are well able to do that in the land mass that we have. The use of land is more driven towards how we use it rather than needing more of it, in absolute terms. It is really about how we get the best use and the enterprise scale to get the right cost base. That is the issue, rather than having more land.

Mrs Overend: Your report also says that 89% of our farms are outlined as being small. Will the report be seen as good news for high-intensity farming and bad news for smaller farmers, then?

Mr T O'Neill: It depends on how you look at it. We are very clear that small farms are not as efficient as larger units. That is a fact of life. There are two streams of thinking. One is to get farm enterprises of a scale that is economic and will sustain the employment and the families who depend on them. There are small farms that are going to be more environmental protectors than production units. There is a different funding requirement in saying that we need farmers to look after the land and that we need farmers to produce food. They are two different things. We recognise that. We have to deliberately separate those things, rather than mix them together and try to have a solution that fixes everything, because it will not.

Mrs Overend: That is an interesting concept. We talk to businesses all the time. They tell us that they are so busy getting on with the job that they do not have time to look outside and think bigger. It is going to be a challenge to get those farmers to have the ability and expertise to think bigger and want to go on. I am pleased to hear your answer on that.

The single marketing organisation is fantastic. It is a great idea. It is just what Northern Ireland is lacking. The food labelling issue has caused concern over the years. Do you feel that that needs to be focused on? Have you an answer for that?

Mr T O'Neill: I do not think that anyone has an answer for that. It is one of those things that we talk about late in the evening when we are relaxing. That will continue to evolve, and I have a view that the food sector goes through crises regularly. We have to embrace crises, because whatever kind of crisis that you want to refer to is something that we should then use to shape our industry going forward. We should take it as an opportunity to consider how we make this work for us. Our future supply of food is going to be afflicted for many years by weather throughout the world. Whether that is weather affecting the import costs of grain coming to us or whether it affects the ability of farmers today to send their animals out to graze or keep them indoors, the weather will affect our entire food supply chain for many years. That is out there, and we will have to learn how to work through the volatility that goes with it. That is the single biggest challenge that we face. We should be smart enough and fleet of foot enough to move with it, and I think that we can.

Mrs Overend: Finally, I have a question on the work that the marketing organisation will do, across the world, I presume. Will that work be in conjunction with Invest NI, or how do you see those dovetailing?

Mr T O'Neill: We see it as a completely separate and dedicated organisation. As you know, there is a little bit of marketing in Invest NI today, and there are many other splinters, whether it is in DARD or Food NI or impacting on individual companies. We see the need to bring that into one place as a stand-alone, dedicated, professional organisation to drive that. We see that it needs to be, if you like, owned by industry and run by a board with industry players on it. Without being disrespectful, it is not an adjunct to Invest NI.

Mr Frew: Thank you very much, Tony, Colette and David for your presentation. You are no strangers to me, of course, and I am no stranger to you. I have some questions on something that has concerned me over the past number of weeks from reading through your report in depth. We know all about the £400 million that government needs to input into the whole master plan. It is the £1.3 billion from industry. Now, I still have an issue about what "industry" means. Can you break down for me where that £1.3 billion is coming from and what it will be used for?

Mr T O'Neill: I cannot remember the answer to that question, Paul. That was a dirty trick. Obviously, this was built up in detail, so the answer is that I can do it another time for you. Very simply, I have just made the comment that, in pigs and poultry, we need 550 new units in Northern Ireland. That is, roughly, a £250 million investment. There is a relatively sizeable chunk that I can tell you about right away. I can break down the rest another time for you, if you wish. At the moment, I just cannot tell you.

Mr Frew: That would be useful, because it concerns me. Make no doubt about it, this is a great report. It shows everyone where we need to be. The problem that I have is getting to that point. You mentioned that the board will be there for another two years to oversee implementation, and that is a great idea. That is essential. This is a good news story, but, over the past number of weeks, I have spoken with farmers and placed this in their hands, and they have burst into tears. So, there is a wide spectrum where, at one end, there is mighty success and, at the other end, there is deep concern and depression. How do we bridge that spectrum and get everybody going in the right direction?

Mr T O'Neill: I do not have a silver bullet, and I cannot tell you the answer to all issues, but if you break it down into chunks, you will find that there are many elements of farming that are doing very well. There is almost a depression overarching the whole thing, which is largely driven by the weather. However, farmers are a very resilient bunch: if we had six weeks of good weather and the farmers could see their way out the back end, they would bounce back.

The immediate future from this plan will have to be driven through the processors. Processors will have to lead in the major sectors to move the plan forward in a hurry. You will find in the coming months that the processors will step up to the mark and that the farmers will go with them.

I go back to the point that I made before that there are two different communities in the farming industry. There are farmers who are of a scale to be efficient and generate good returns in the future, but it is not realistic for me to sit here and say to you — I will move it away from poultry — that the red meat industry is going to pay enough to farmers that a guy with six animals will be capable of supporting his family, for he ain't. So, there are two completely different requirements on the table. We have to accept that and be honest enough to say that these things cannot be fixed simply by paying more money for an animal that you cannot sell.

There are areas of our sectors where we know what to fix, how to fix it and how to be efficient. Some of those fixes are short term. Going back to pigs and poultry, poultry is easy in that it is the fastest bit that we can move on, simply because of the cycle. Pigs will take longer, but they will come into the cycle very quickly. The beef and dairy thing is probably two to three years out. We have had those debates on how we move the programme along over the next few years. There are some bits that we know how to do, there are some bits that we have to consult on with experts and there are some that we think will take longer.

Mr Frew: With a report like this, your destiny is not always your own. We have things like CAP reform, which could impede growth. We have proposals being mooted for a climate change Bill that is specific to Northern Ireland, which could greatly hamper growth. What are your thoughts on outside influences like CAP reform and climate change Bills?

Mr T O'Neill: All those things will have an impact. We have resisted a climate change Bill, not because we are against the principle but because there tend to be requirements in these things that put us at a disadvantage with our competitors. That is the measure that we always have to be aware of: we have to play in the same field as our competition.

Those issues are there, but I go back to the point that I made a few minutes ago: the world food environment is changing. The good part of that is that it affects everybody. The pricing of grain is a world game, as is the pricing of soya. So, we are not usually alone when those things roll over us. They affect the whole food supply chain, both here and overseas. So, we have to react to those things, but we are normally not disadvantaged on a local basis.

Mr Frew: I am still concerned about this £1.3 billion that is to be invested. How would government —

Mr T O'Neill: Can I give you one big chunk of it, which is very simple but people do not appreciate? The working capital requirements in the food sector will go up probably £300 million or £400 million, simply because of all the material that we have in the system, the stocks that we have, the banking facilities we have, and so on. So, there is £250 million in building units and £300 million in working capital requirements. There is half of it, just in two numbers. So, there is substance behind it.

Mr Frew: How would the officials like to see the £1.3 billion from the industry spent, and how much of a say will Departments have in that?

Mr T O'Neill: That is a challenge for you. *[Laughter.]*

Mr Thomson: That is a difficult question. Maybe I can set the report in a little context.

The Chairperson: I thought you might.

Mr Thomson: I am sorry?

The Chairperson: I thought you might want to do that; good answer.

Mr Thomson: Both Ministers were keen that we officials should be on the Agri-Food Strategy Board, which we were. However, they were also keen for us to take quite a passive role, because we were not there to veto in any way. This had to be an industry report. Tony kept both Ministers fairly well engaged as it was being produced. Tony will confirm that, as civil servants, we were nowhere to be seen when the final report was being produced. It had to be an industry report. That report now has to be considered by Ministers, and they have not considered it.

Tony is absolutely right; there are big challenges. Ministers collectively — not just our two respective Ministers, but the First Minister and deputy First Minister as well — have given this a positive reception and said that they want to do this. However, the devil will be in the detail, and it is now up to us to look at these. There may be some things that we cannot do straight away. Some things may have to wait. We will try to work. Affordability is part of that consideration. Our Minister has already met the Finance Minister. They have had some discussions, and we are already working on some projects. One is actively being pursued at the minute with industry that would involve investment by industry and us of tens of millions, not tens of thousands. So things are moving, but I think at this point it is too hard. We do not have a populated action plan or a list that says our top 20 priorities are these, and that will require x from the Executive and y from industry. So, it is a bit hard to answer.

Mr Frew: I suppose the obvious question leading on from that is when we will have action plans.

Mr Thomson: The two permanent secretaries have written to their colleagues in all Departments. We have set up an interdepartmental group, which I will chair jointly with my Agriculture colleagues. We have a timetable that has us going to the Executive in September, if I recall —

Mr T O'Neill: You recall correctly.

Mr Thomson: I recall correctly. *[Laughter.]*

The Chairperson: We appreciate that.

Mr Thomson: Chair, you asked earlier who would keep us under control, and there is the answer. We have the summer to get responses from all Departments on this wide range of actions, and to pull that together with advice to Ministers in September.

Mr Frew: OK, that is me.

The Chairperson: That is grand, but, as I looked through this, I found that some of these recommendations are, frankly, no-brainers. If some of this stuff had not been happening at Departments already, I would be saying to myself that we are in trouble. However, I presume that we are not in trouble. There are actions included that should be happening anyway, but it might be useful for the respective Departments, where there is something that is ongoing and included in those 118 recommendations, for us to hear just what action is being done on those of the 188 that are contemporary and ongoing. For example, number 3 is to:

"Help fund the significant cost of market intelligence and statistics especially in consumer food markets."

I would be surprised if something of that ilk was not ongoing. The same applies, again, to recommendations 7 and 8. Can you go through that checklist and provide us with some sort of an update as to what is going on in those areas where progress has already been made and the action is being taken?

Mr T O'Neill: I can pick that up, because, to be perfectly blunt, I would not have written it in the report if it was being done. I do not see why we would have done that. However, each Department is going through the report at the moment, looking at what they can do fast. It would clearly be good to be able to say in September that we have done the first 30 of these. Normally, we all work on the basis that the first 100 days of a plan are critical. The first 100 days of this plan have been spent studying it, but we would like it to move into action. There are some things that will move very quickly, so, where they have the ability to do that right now, they will be expected to do it right now. They do not need ministerial approval to do it.

The Chairperson: That is my point. There should be stuff that is ongoing anyway.

Mr Thomson: To reflect on that, take the marketing, for example. There is a lot of marketing going on. Invest Northern Ireland is involved in marketing, and then we have these other bodies such as the Livestock and Meat Commission, and so on. The Agri-Food Strategy Board is saying that it would be better for the industry if all that marketing effort was pulled together into one body and that more resources should be put into that marketing. It is not as if a lot of these things are not happening, but they could be done in a better way.

The Chairperson: If those things are happening within the context of the relevant checklist here — if there is certain progress being made — it would be useful for the Committee to, at least, be reassured about those recommendations that are progressing at the moment. You will not have to wait until September for a bit of movement on a lot of these things.

Mrs McMaster: That is part of the work that this interdepartmental group will be doing to scope out the implications of the recommendations, to determine what is already happening in their areas and what is involved. That is part of that process —

The Chairperson: With the greatest respect, you do not need a group to scope that; you should know it already.

Mrs McMaster: Well, a lot of Departments are involved in this.

Mr Thomson: I would have a fair feel for what DETI and Invest Northern Ireland are doing, but I could not comment on what DOE is doing, nor do I know, really, what DARD is doing.

The Chairperson: Well, I am looking at the two in front of me — the two main Departments that have been on this — so it would be helpful if we could get that to the Committee, please. OK?

One final comment. Given that one of the main headlines is skills and entrepreneurship, is there any particular reason why DEL was not involved in the action group from the word go?

Mr T O'Neill: It was sponsored by DARD and DETI, remember.

The Chairperson: I appreciate that.

Mr T O'Neill: We consulted with DEL and DOE. We have met the Minister and people in each of the Departments to work up the details of these things. They have had input into this and, clearly, there are expectations that they will join in. In fairness, they have been positive in that respect.

The Chairperson: OK, that is good.

Mr Agnew: Thank you for the information so far. I suspect from your answers to the last question, Mr O'Neill, that your responses about what is happening and what is not may be different from those of the officials. It might be interesting to get two tracks on that.

Mr T O'Neill: I have a novel strapline, which is "more, faster". I believe in that, and it applies to the officials as well as to my own business.

Mr Agnew: You said that the clean, green image is essential going forward. I assume that that is where Northern Ireland differentiates itself in the market. It is not going to be price; we are not competing to be the lowest-cost supplier, although, of course, if we can bring costs down through efficiencies rather than through paying suppliers less, that can be a good thing. Obviously, anything that might threaten the clean, green image would be a concern.

Mr T O'Neill: You are, no doubt, aware that we had meetings with the different environmental stakeholders through the course of this. We think that we have worked well with them and we see that relationship continuing as we execute the document. It is our intention to keep working with them to address those issues of concern.

As I said before, it is not in our interest not to; it is as simple as that. There may well be tensions along the way. I do not know where the specifics will lie, but the intention is that we will work in partnership with them. As I said, we have been engaged along the way. So far, we have not found any conflicts, but as we get more into the detail, they are bound to happen. That is a natural part of life; there is always a degree of tension, but our intention is to keep that image and build it, because our customers in particular think that we are different. It is not because we are cheaper; it is because they like the image of Northern Ireland and the green background from which we operate.

The Chairperson: That is us finished with this session. Sorry, Maeve; excuse me, I almost missed you.

Mr T O'Neill: You were so quiet.

Ms Maeve McLaughlin: I know; it is not like me, Tony. Thank you for your presentation. The Chairperson raised the issue of the skills that are required. When you look at the list of government representatives, DEL is not there. As it is a single body and a single organisation, I think that it needs to be at the table.

In relation to the 15,000 jobs, you outlined 10 different sectors. Has there been an analysis of the sector from which most of that growth will come?

Mr T O'Neill: We have identified where the jobs are in the programme, and they are referred to in detail in the book. So, we have identified where we see the jobs across the economy. Pigs and poultry are big drivers; dairy is less so, because it is quality rather than volume driven.

Ms Maeve McLaughlin: So pigs and poultry would be the —

Mr T O'Neill: They are the big ones and they are easy. I cannot remember the breakdown, but it is quite —

Mr Thomson: The annexes deal with each sector — dairy, poultry, eggs, animal feeds, and so on — and the job numbers that are in each of them.

Ms Maeve McLaughlin: Thank you for that.

Mr T O'Neill: Colette has appeared with the answer. There is a breakdown in the book, and I can give you the reference so that you can pick it up.

The Chairperson: Thank you, Tony, and Mr Thomson and Mrs McMaster, for being with us. We have asked for a number of information points and we look forward to receiving those through the respective Departments. Hopefully, I and other members of the Committee will see you on Monday evening, Tony.

Mr O'Neill: That would be great.

The Chairperson: It is important to go along, support this, help to drive it along and, hopefully, help you shake that tree.

Mr T O'Neill: I appreciate being here and that you did not bring us here to criticise us. I also appreciate the fact that you will be actively supporting us. You should be in there cheering us on and saying, "faster".

The Chairperson: I hope that we are.

Mr T O'Neill: So do I.

The Chairperson: Thank you very much.