



**Northern Ireland  
Assembly**

## **Committee for Agriculture and Rural Development**

Room 244  
Parliament Buildings  
Tel: +44 (0) 28 905 21475

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**From:** Stella McArdle,  
**To:** Shane McAteer, Clerk to the Committee for the Environment  
**Date:** 26 June 2013  
**Subject:** The Financial Provisions Bill 2013

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1. At its meeting on 25 June 2013, the Committee for Agriculture and Rural Development considered correspondence from the Department for Agriculture and Rural Development regarding the Financial Provisions Bill 2013.
2. This was a response to correspondence from the Committee for Finance and Personnel on this issue, which the Committee considered at its 28 May meeting.
3. The Committee agreed to advise your Committee that it is content with the inclusion of the two DARD provisions in the bill. The Information received from DARD on the rationale for inclusion of the two provisions is attached.

**Stella McArdle**  
**Clerk, Committee for Agriculture and Rural Development**

Stella McArdle  
Clerk to the Committee for  
Agriculture and Rural Development  
Room 243  
Parliament Buildings  
Ballymiscaw  
Belfast  
BT4 3XX



Netherleigh  
Massey Avenue  
Belfast BT4 2JP

Tel: 028 9052 4331

Email: [paul.mills@dardni.gov.uk](mailto:paul.mills@dardni.gov.uk)

Date: 19 June 2013

Dear Stella

### **ARD Committee Meeting – 28 May 2013**

#### **The Financial Provisions Bill 2013**

The Agricultural Loans Fund was established under the Development Loans Act (Northern Ireland) 1945 to provide a source of capital for the farming industry. At the same time responsibility for making loans to farmers was transferred from the Ministry of Finance to the Ministry of Agriculture. The various enactments relating to Government loans for agricultural and fishing development were subsequently consolidated by the Development Loans (Agriculture and Fisheries) Act (Northern Ireland) 1968. Separate statutory schemes were made under the Act for various types of loans and approved by the Department of Finance.

Loans were made available at competitive commercial rates of interest for a wide range of agricultural purposes such as the purchase of livestock, seeds and fertilisers and the erection or improvement of farm dwellings and other buildings. Hire purchase facilities were provided for the purchase of machinery. Loans were later introduced for the purchase of land for farm amalgamations.

Due to a lessening demand for loans and the need to reduce Government expenditure, DARD, after consultation with the Ulster Farmers' Union, ceased accepting loan applications after 30 November 1979. Since its inception, a total of £20m has been issued from the Agricultural Loan Fund. There is no principal outstanding and all loans advanced to the Agricultural Loan Fund from the Consolidated Fund have been paid in full.

Therefore the legislation is no longer required and needs to be repealed.



The Northern Ireland Fishery Harbour Authority (NIFHA) is an executive Non Departmental Public Body sponsored by the Department of Agriculture and Rural Development (DARD) and constituted under the Harbours Act (Northern Ireland) 1970 and the Northern Ireland Fishery Harbour Authority Order (Northern Ireland) 1973.

The main sources of revenue for the Authority are a levy on the value of fish landings, revenues generated from services provided at the harbours (e.g. ice sales and the provision of slipway services) and rentals from land leases. Due to continuing restrictions on fishing activity under the EU Common Fisheries Policy and that the Authority's main revenue streams are controlled largely by factors outside its influence, there is a risk that annual trading deficits could be incurred in future years.

Until now NIFHA has been able to meet operational costs from the revenues it generates but in recent years, as a result of factors largely beyond the Authority's control, it is becoming more difficult to consistently achieve break-even on an annual basis. Should the position arise where NIFHA incurs an annual operating deficit, DARD wishes to be in a position to provide NIFHA with grant to cover the deficit. At present, DARD does not have the power to make such payments and is now seeking it through the Financial Provisions Bill 2013 as a contingency measure.

During 2009/10, NIFHA did incur a small trading deficit which was met from working capital reserves but, for the 3 years since, the Authority has managed to realise a trading surplus, generally as a result of higher prices for landed fish produce and increased focus on efficiency savings secured through delivery of a DARD/NIFHA agreed efficiency plan. In terms of efficiency savings, the Authority is of the opinion that it is not possible to introduce any significant additional savings at this time, given its statutory obligation to manage the ports in a manner that fully reflects health and safety, and other, requirements of staff and port users.

The dynamic environment in which NIFHA operates makes it very difficult to forecast changes in revenue and, coupled with consistent pressure from stakeholders to keep charges as low as possible, NIFHA's trading performance could change very quickly, especially as it is difficult to predict effects of new CFP reforms, wind farms and marine protected areas on NIFHA operations. As a result, DARD needs to be able to provide support if the worst case scenario materialises.

The power is likely only to be used where a longer-term deficit is forecast and which could only be addressed by unacceptable increases in harbour charges and or unacceptable loss in harbour service provision. Whilst every attempt will be made to reduce the need for on-going grant in aid, it would be imprudent not to have the power in case a long term deficit threatened the running of Authority as a going concern and ultimately, the sustainability of the local fishing industry.

NIFHA does not have sufficient available reserves to cover any significant deficit funding. As at December 2012, NIFHA had reserves of around £500,000 but this is retained to enable the Authority to deliver a £5.0m programme of essential or high priority capital investment projects at the 3 ports of Ardglass, Kilkeel and Portavogie.

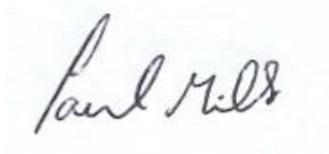
There is limited scope to increase fees other than to reflect annual inflationary pressures. The fees and charges currently set by NIFHA are at the higher end of the scale of charges applied by other commercial fishing ports in the United Kingdom and any further such increases would be difficult to justify on equal opportunity grounds, especially at the present time when the fishing industry is experiencing difficult times and seeking aid packages from the Executive towards vessels operating costs. Even if charges were to increase, a reduction in landings of fish at NIFHA ports would negate the benefits associated with the increased fees.

DARD has consulted with the NIFHA throughout the process of seeking an amendment to the Financial Provisions Bill and the proposal should enjoy the support of the local fishing industry as it will assist ensure that harbour fees and charges are maintained as low as possible for port users.

I would be grateful if you would bring this to the attention of the Committee.

If you require any further information please let me know.

Yours sincerely

A handwritten signature in blue ink that reads "Paul Mills". The signature is written in a cursive style with a large initial 'P'.

**pp**  
**Joe Cassells**  
**Departmental Assembly Liaison Officer**