



Northern Ireland
Assembly

**COMMITTEE FOR
AGRICULTURE AND
RURAL DEVELOPMENT**

OFFICIAL REPORT
(Hansard)

**Agrifood Sector's Role in the Northern
Ireland Economy: Ministerial
Presentation**

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NORTHERN IRELAND ASSEMBLY

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RURAL DEVELOPMENT**

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Ministerial Presentation**

14 June 2011

Members present for all or part of the proceedings:

Mr Paul Frew (Chairperson)
Mr Thomas Buchanan
Mr Trevor Clarke
Mr Willie Clarke
Mrs Jo-Anne Dobson
Mr William Irwin
Mr Oliver McMullan
Mr Conor Murphy
Mr Robin Swann

Witnesses:

Mrs Michelle O'Neill) Minister of Agriculture and Rural Development

Dr Mark Browne) Department of Agriculture and Rural Development
Mr Gerry Lavery)

The Chairperson:

Good afternoon, Minister. You are very welcome to the Committee to give your presentation on the agrifood sector. It is good to see you here. We hope that you will not be a stranger to the Committee. You and your departmental officials have engaged with us very proactively to date. Without further ado, I will hand over to you, Minister. I ask that you give your presentation and

then allow questions.

Mrs O’Neill (The Minister of Agriculture and Rural Development):

Go raibh maith agat. Thanks for the invitation to come along to the Committee to discuss the importance of the agrifood sector to the economy. It is a key priority for me and one that I have raised consistently since coming into office.

The focus for the wider economy must be to ensure sustainable growth. I want to say upfront that I firmly believe that the Department of Agriculture and Rural Development (DARD) is an economic Department in that it has a key role to play in supporting the North of Ireland’s economic development. I will not go into a long list of facts and figures, as I am sure that members are well aware of those. Instead, I will pick up on a few key points and issues that I think are worth raising.

The figures show that the agrifood sector has continued to grow steadily in the past number of years, even throughout the harshest of the economic climate in recent years. That tells us one thing: the sector is doing very well and is broadly doing the right things. The figures show that much of the growth comes through the export market, which tells me that people value our products and how we produce them. The figures also show that the sector employs tens of thousands of people and that there are multiplier effects for the local economy, which tells me that there is the potential to increase employment in the sector.

Finally, the statistics tell me where most of the jobs are located. It is unique to DARD and the agrifood sector that the jobs are spread across the North. They are not located only in Belfast or in city areas; they are across the board. We need to take a step back to look at where that knowledge takes us and what can we do to support this important sector.

We need buy-in at the very top of this Administration. We want the Executive to recognise the importance of the agrifood sector and the role that they can play to help to tackle the barriers. We then need to look at what we can do to help to tackle the barriers to expansion and to develop opportunities for growth.

Our commitment to the industry, as a key player in the local economy, would be best demonstrated through inclusion of the agrifood sector in the Programme for Government. The Programme for Government needs to include a specific target for, and reference to, agrifood. I intend to press for that recognition. I also raised the issue recently with the Minister of Enterprise, Trade and Investment. I very much welcome the interest that the Committee has shown in the area. I hope that the Committee will lend some support to ensuring that the agrifood sector is included in the Programme for Government. I would very much welcome any influence that the Committee can bring to bear in supporting that challenging initiative.

We also need the sector to buy into the initiative. I will be challenging the industry to play a leading role in the development of our future plans and actions. I need the sector to commit its best people to the work that we have ahead. There are undoubtedly fantastic opportunities. It is in all our interests to support the type of further growth that is possible in the sector. The good news is that we are not starting from a blank page; a lot of work has already been done.

I want to take a few minutes to outline to the Committee how we plan to go about realising the potential that clearly exists. Let me make it clear from the outset that it has to be a team effort. Although DARD has a role, the Department of Enterprise, Trade and Investment (DETI), Invest NI and the Department for Employment and Learning (DEL) all have a remit in the area. We will all have to bring our resources to the table and work collectively. I have also said from the start that industry tie-in and leadership will be vital to the success of any strategy.

You will be aware that DARD already works closely with other Departments and the industry. It is as a result of that collaboration that we are where we are with our Focus on Food strategy, which was produced last year. Although that document provides a firm start, we need to take it to the next level. We need to move on to a new phase and to work with the sector to develop challenging targets for growth and development in the longer term up until 2020.

As I said, the Minister of Enterprise, Trade and Investment and I met recently to discuss the matter. Work is under way to establish a new food strategy board. That board will lead the development of a longer-term strategic approach to food. We have agreed that the board will have an independent chair. I intend to advertise for that post in the next number of days, certainly

by the end of the week. That is crucial. As I said earlier, taking the lead and having firm ownership of the strategy is vital to its success. Some of the details of the structural arrangements of the new board have yet to be worked out. Notwithstanding that, there will be a role of influence for the new chairperson, whom Arlene Foster and I will appoint before, or early in, the new year.

I envisage that there will be the food strategy board and a number of sectoral groups. It will be a big challenge and opportunity for us. We clearly need to drill down to take a look at the dairy, beef, poultry and other sectors, and identify the barriers and opportunities for growth. I want the board and the groups to come back to recommend challenging but achievable targets for sustainable growth. I want them to recommend actions that need to be taken to achieve targets over the next 10 years.

Importantly, the actions must be recommended for, and taken by, the sector itself and by this Administration. It is about taking a joined-up approach, doing things collectively and challenging one another. It is a two-way street. We need all parts of the sector to work together. We cannot set targets for the industry, although I accept the fact that we have to work with the industry to help it to realise them. We need the industry to come forward to say to us, “These are the targets that we think are achievable; help us along the journey.”

I hope that the Committee will have an early opportunity to meet the incoming chair of the food strategy board. I hope that the Committee will be able to work with that new chairperson and the new board to help to maximise the potential growth of the agrifood sector and its contribution to the economy. We want to reach the stage of having a shared view of the future for agrifood. It is one area in which we can all work together. The facts speak for themselves about the importance of the agrifood sector to the economy. If we get it right, we can make a real difference to the way in which our industry is perceived and supported.

That is a brief outline of my intentions for the agrifood sector. I am happy to take some questions.

The Chairperson:

Thank you very much for the presentation, Minister. I remind members that we will go through a cycle of asking one question at a time. I hope that the questions will be teased out as we go along.

Mrs Dobson:

Thank you for your presentation, Minister. It is great to see the total figures that show what the agrifood industry delivers for the Northern Ireland economy in financial and employment terms. I welcome the 8.3% rise in last year's gross turnover for the food and drink processing sector.

Many farmers are keen that the closed period for slurry spreading be reduced for this year, and I am aware that you support that. That decision needs to be taken soon to give clarity to farmers. Will you give us an update on your discussions on that issue and the spreading of poultry litter with the Minister of the Environment?

Mrs O'Neill:

I can surely. Picking up on your first comment about the figures, I do not want to get into the detail of all the figures, but the key things to remember are £3.7 billion in annual turnover for 2010 and over 8.3% growth in the year. Those are startling figures. Agrifood is the shining light that can drive us out of this economic recession. I want to keep driving home that point, because it is a good news story for agrifood of which we need people to be aware.

You will be aware that I made my position on slurry spreading very clear at the weekend. I am sympathetic to the call from the industry for an extension. I have spoken to Minister Attwood, and my officials continue to liaise with him, because it is not within my control to grant an extension. The NIEA (Northern Ireland Environment Agency) is in charge of regulation of slurry spreading. We hope that an announcement from the Department of the Environment (DOE) and Minister Attwood on the way forward is imminent, possibly even today.

Mrs Dobson:

I would welcome a decision being made soon, because we are running out of time.

Mrs O'Neill:

I hope that there will be a decision by the end of the day, but it is not within my control. Many Members have asked me about the issue in the halls and in the Chamber. All people, including farmers, are anxious about the issue, so it is important that we move forward quickly.

Mr Swann:

Have you had any indication of how the Minister is minded? I am not asking you to prejudge.

Mrs O'Neill:

I cannot speak for the DOE. I will let Minister Attwood do that. I have said where I stand on the issue; I support an extension.

Mr Swann:

Thank you for that.

You referred to targets in the proposed Programme for Government. I know that you do not want to get into facts and figures. However, you have asked us for our support, so could you give us some idea of what we would be supporting?

Mrs O'Neill:

There will be a number of issues. A lot of really good work has been done already through the Department's Focus on Food strategy. That is a more generic strategy across the agrifood sector. I want an overarching board with a number of subgroups underneath for dairy, beef, poultry and all the various groups. There are also environmental factors to consider, and we need to be aware of all challenges and barriers. I want the industry to come forward with its targets and to put on the table what it thinks that it can achieve, such as increases in employment and exports. When the industry comes forward, I will be asking you to get on board with its targets. It is an industry-led programme, but it is also a partnership programme with government.

Mr Swann:

I welcome that very much. It is a commendable message to the industry about how it can take the sector forward. It is evident from the figures that they have been industry-led. I am sure that you

are fully aware that there are perceptions that the Department is sometimes more of a hindrance than a help. If you are looking forward to taking the Department of Agriculture and Rural Development forward as an economic Department, there must be a challenge in the Programme for Government targets. We need to remove those barriers and strengthen the view that the Department is there to help to reach and to enhance targets further rather than to hold farmers back.

Mrs O'Neill:

I totally agree with you. In the five months since I took up office, that is a message that I consistently hear from farmers and the wider industry. We are not interested in blocking anybody or being a hindrance. We have to look at our opportunities around exports and that type of thing and also look at barriers, such as the regulations that the Department has to comply with and identifying the EU regulations and to examine where we can simplify. We have the better regulation action plan: we have looked at simplifying EU directives and how the Department implements them. That is all part of the wider strategy, which we will definitely take on board. The growth of the agrifood sector has consistently been my key message since taking up office, and I do not want to sit back and allow simple things to hold up farmers from being able to produce better.

Mr Murphy:

Obviously, the news on agrifood is very good and encouraging for all of us, as is the fact that the Departments are formally co-operating on the issue. I support your clamour to get agrifood included as an objective in the Programme for Government, because if growing the economy is to be the central plank of the Programme for Government, the agrifood sector is one of the shining lights, as you said, so that should feature strongly. It would help the Committee to get the remit of the food strategy board and perhaps the remit or job description of its chair.

I am particularly interested in co-operation with DETI, because exports will continue to be a key area in the agrifood industry. What role will Invest have in supporting that? I worry that there is a danger that it will be pigeonholed into the food strategy board but that the other elements of DEL or DETI will not be fully engaged with that. Invest has a key role to play. Sometimes the focus is on attracting inward investment in the knowledge industries, but the

agrifood sector is a clear success in our lap, and we need all the Departments and all the resources to row in behind it. Is there any discussion with the Minister of Enterprise, Trade and Investment, particularly in relation to Invest, as to how that will work for us?

Mrs O'Neill:

Invest NI has key responsibility for the export market, so we have to work very closely with it. When I met Minister Foster last week, the Invest NI division for agrifood also came along to the meeting. Those personnel listened to my intentions and were very much on board. It is also our intention that they will feed into the food strategy board in some shape or form. It is vital that, if the strategy is industry-led, it will not be too top-heavy with civil servants telling the industry what they want. It will be industry-led, working in partnership with the Departments, including DETI and Invest NI, DARD and DEL, because employment and learning are also vital. It is about getting everybody around the table and telling them about the vision for agrifood so that we can work together to channel what we are doing in the same direction. Invest NI seemed to be on board, but as time goes on, we will see how much it is involved in the new food strategy board.

In relation to the Programme for Government, I intend to present to the Executive's economic subcommittee next week, so that will get the issue of agrifood onto its agenda.

Mr Irwin:

I welcome the fact that the agrifood sector is the shining light in our economy today, with an increase of over 8.3%. The number of suckler cow herds has fallen dramatically in the past number of years. We know that the Irish Republic gave some financial help to the suckler cow producers down there. I am also aware that some meat plants have difficulty in sourcing cattle. I know of one factory that has to buy a lot of cattle from the Republic. Has the Minister any plans to give some support to suckler cow farmers to ensure that there is no further erosion in the number of suckler cows in Northern Ireland?

Mrs O'Neill:

I will ask Mark to come in on that issue. We did have a suckler cow scheme; Gerry or Mark will be able to tell you when it was running. It is important that we keep doing everything that we can. There are many different schemes that people would want to come forward, depending on

what end of the industry they are working in.

Dr Mark Browne (Department of Agriculture and Rural Development):

I will pick up on the issue. Our general approach is that we want to encourage and support the industry so that it is competitive and able to develop export markets. The industry has been successful in that regard. The approach to the common agricultural policy (CAP) has been for decoupled production, so that there is not that direct payment for production.

There is also the opportunity, where appropriate, to allow for a suckler calf scheme. The South has gone down that route. We have not hitherto gone down that route; we have supported the industry in different ways through advice, the processing and marketing scheme, our advisers, focus farms and a range of other approaches to try to make the sector more competitive so that it can develop markets. We can look forward to that as we take forward the agrifood strategy.

A range of issues will come up across all the areas as to how best we can compete going forward. We need to bear in mind that, with CAP and the reducing budget under it, support to farmers will reduce in the longer term. We need to get our industry into a position in which it is able to compete for a greater share of the growing international market. We need to consider carefully the balance between the kind of support that you mentioned and other support that will enable farmers to be more competitive, to adopt new technology and approaches and to go out to win the export markets.

Mr Irwin:

You will accept that food security is top of the agenda in Brussels. Our counterparts in the Republic of Ireland were able to bring in a scheme to help to supplement the suckler cow and suckler calf. Although you talked about the things that you have done, they have not held up the numbers. The numbers have fallen. Something more needs to be done.

Mr W Clarke:

You are very welcome, Minister. My point is about research and development and developing niche markets. It is in the agrifood industry's interest to have added value from primary produce. It is very important to link that with healthy options to tackle obesity and to have low-calorie

produce. That is clearly a niche market that will grow. Niche businesses such as Mash Direct and Finnebrogue Venison have a broad appeal for exports, but you get the full value of the products. What financial incentives are in place for farm or agrifood businesses to invest in research and development? How does that link with Conor Murphy's point about Invest NI and tax incentives and credits for that type of work? What incentives are in place for co-operation between farmers and the setting up of co-operatives to invest in that type of research?

Mrs O'Neill:

DARD invests £21.8 million in food, which is a large sum of money. That is broken down across the different schemes that we have, which are mainly under the rural development programme and, under that again, the processing and marketing grant scheme, on which £8.4 million has been spent since 2007. A range of grant schemes is available right across the industry. That is all very positive and is very much welcomed by the industry.

You are absolutely right about value added: it is about what we can do with the indigenous natural products from our land to give them value added so that we can export them or sell them locally, depending on which market we are appealing to. That is our strength, and it is something that we need to look at. I have met people in the industry and various businesses. Small producers right through to larger companies have availed themselves of the processing and marketing grant scheme. That has been very positive. A large amount of money has been spent, and we have more to spend before the end of the rural development programme.

I cannot force anybody into co-operatives, but you can see how there are advantages to them, particularly for the dairy sector, in which they are prevalent. The new strategy will look at questions such as: Can we work in co-ops? Can that benefit our sector? What are the barriers to that? How can we improve things? They are all challenges that the new strategy will have to look at.

You asked about investment from the Department. DARD, DETI, Invest NI and DEL already commit a significant amount of funding and resource to the industry. There is always room to tweak and to improve things. We can always do things better, and we are open to that.

You mentioned research and development. The Agri-Food and Biosciences Institute (AFBI) has a dedicated research and development function that DARD supports via its research and innovation calls. Our budget for AFBI research is around £8 million to £10 million a year. That shows the Department's commitment to research and development, which is key to helping people to become more innovative in how they do things and to helping them to research their products and to make them more appealing to the markets.

Mr Gerry Lavery (Department of Agriculture and Rural Development):

I will mention an issue that sits a little bit to one side of that. I have been impressed over the past two years by the progress that we have made in getting our research and development overseen by programme boards and by the extent to which we have drawn the industry into those programme boards as a stakeholder. So, it is not the case that that is an internal process. We are sharing with industry the call for issues that it sees coming up and the outflow of research and development so that it can see the value of what is being done. I have been impressed by the extent of co-operation between the Department and the industry over the past couple of years in starting to target research and development on the basis of what the industry wants.

The Chairperson:

Dr Browne mentioned the increased international market for food and the increased demand for food. I know your thinking about the food strategy board, and we will certainly seek out information on its terms of reference. We will be very interested in hearing about them. We see this area very much as a growth area. However, things cannot be allowed to drift. Have any targets been set for export growth to enable us to secure as much of that market as possible or will they come after the creation of the board? I get the impression that you cannot really wait for the establishment of a board, although it may well be the way to go. What is the here and now as regards export growth? Has the Department put targets in place to push growth?

Mrs O'Neill:

Yes. I do not want to give the impression that nothing is happening while we wait for the food strategy board to be established. That is very much not the case. The Focus on Food strategy

was brought to fruition by the industry advisory panel and the cross-departmental group. Those two groups worked independently but also collectively. However, when there was an independent review, someone independent of the Department said that the two groups were doing great work but that, if they worked together, the effort could be stronger. That is where the idea of coming together with a new longer-term strategy came from.

As I said, I do not want to give the impression that nothing is happening. The Focus on Food strategy exists, and subgroups of that group are continually working towards meeting set targets. Mark can pick up on some of the targets for exports. Work is going on, but I think that we can step up our game, and the food strategy board and the strategy that we will develop will give us an opportunity to do that. However, there is plenty going on. The industry is already tying in with the current strategy, but this is more about stepping up our game.

The Chairperson:

I like the idea of joined-up government, with three Departments, if not more, working together on the food strategy board. Who will take the lead? You sometimes find that when everyone is responsible for something, nobody is responsible. Which Department will have ownership of the board?

Mrs O'Neill:

DETI and DARD will take the joint lead. It is up to me and Minister Foster to appoint the chairperson and to oversee their work. Therefore, it is a joined-up approach, but DEL and all the other Departments have to feed into that. Obviously, education and other things tie in, but it is very much a joint DARD and DETI project. I have set out my vision, and I want to see it through. I have to look after the producer, and Minister Foster looks after the next stage. Therefore, it is about us working together to make sure that we get the product from the start right through to the end.

Dr Browne:

To pick up on the targets and subgroups, as the Minister said, we try to work very closely across Departments. Under the current arrangements, there are five subgroups: market understanding and development; innovation; supply chain management; capability development; and energy and

waste. There are departmental officials and industry representatives on all those subgroups, and they are identifying a range of actions that can be taken forward in line with the overall Focus on Food strategy.

The Minister has mentioned that the existing targets are generic in the sense that they cut across all the sectors. Therefore, four key targets were agreed by the board: return on capital employed; external sales as a percentage of total gross turnover; productivity in relation to capital; and productivity in relation to full-time employees. The current target for exports is to have external sales representing 74.4% of total gross turnover.

The Minister referred to the 2020 strategy. We think that there will be value in focusing on sectoral targets because that is how the industry thinks. Industry and its representatives think in terms of sectors, and when you talk about growth and actions, it is easier for them to relate to something that they can see in front of them. We expect that the targets will be set on that basis. However, in overall terms, we still want to keep an eye on the broad targets in the Focus on Food strategy, because how successfully we employ our investment and how our external sales go up will continue to be important factors as we move forward.

Mrs O'Neill:

I will give you a flavour of how things are moving. In the 10 years from 1999-2009, there was a 66% increase in external sales. That target was already there, so just think of the potential for our sector if we get our act together and everybody starts working together.

Mrs Dobson:

The introduction of the groceries code adjudicator will help to ensure a fair and level playing field for Northern Ireland producers. Have you considered the introduction of a third-party clause whereby an individual farmer could be represented by a third party, such as the Ulster Farmers' Union (UFU)?

Mrs O'Neill:

Obviously, that is not a devolved matter. We are very much dependent on the legislation on this issue that goes through Westminster. Again, Minister Foster and I jointly wrote to the

Department for Environment, Food and Rural Affairs (DEFRA) to raise our concerns. There were many concerns, and the issue that you raised is one that we have highlighted and that the UFU has highlighted in the past. We want any new adjudicator to have teeth because there is no point in having a body that cannot do anything for anybody. We are very much dependent on what comes out of Westminster, but I am happy to take on board the issue that you have raised around third-party representation. Gerry, do you wish to say anything in particular on that?

Mr Lavery:

Not specifically. The issue that we are facing is that we have a large number of relatively small producers who will not be comfortable trying to take on major corporations.

Mrs Dobson:

They are very reluctant to go forward themselves.

Mr Lavery:

Therefore, as the Minister said, she recognises the value of a third-party clause, but it is very much in the gift of others.

Mrs Dobson:

Do you welcome it?

Mrs O'Neill:

I do welcome it. If the Committee wants to take it up as an issue, it would be a good idea — if it has not already done so — to write to the Environment, Food and Rural Affairs Committee. When I meet Caroline Spelman in the next number of weeks, we can try to get that on the agenda.

Mrs Dobson:

As Gerry said, many farmers are very reluctant to go forward themselves, so a third-party clause would be very welcome.

Mr Irwin:

Minister, over the weekend, you had discussions with the Environment Minister on spreading

slurry in the closed period, which kicks in on Saturday. I am told that he has issued a statement in the past few minutes. Do you not feel that farmers have been hung out to dry? We had a very wet September, and over the past few days, there have been deluges of rain. The ground is waterlogged, and there are only four days left. As far as I am aware, the deadline will not be extended. Some other solution may be reached whereby farmers may be able to apply to your Department for a derogation so that they can spread slurry during the closed period in exceptional circumstances. Do you accept that every farmer in the country has had to face exceptional circumstances? I was in late today because my phone has not stopped ringing with calls from farmers who are panicking and do not know what to do.

Mrs O'Neill:

I understand that frustration. I am not sure whether you were here when we discussed that earlier in the meeting. I have made my position clear: I support the calls from the industry for an extension, and I put out a press release to that effect on Friday. I knew that a statement from the Department of the Environment was imminent, but I have not seen it, so I cannot comment on it. I accept that farmers are frustrated and fearful, and that is why I made that call. In light of the statement, I will have to have further discussions with UFU and DOE. I have not seen the statement, because it has been released since I came into this meeting.

Mr Swann:

I am still trying to take in the concerns that have been raised. It will be a big blow to the whole sector if there is no extension, so, Minister, I urge you to keep applying any pressure that you can on DOE and Europe to get that extension put in place, because that would have a dramatic impact on the agrifood sector's ability to operate.

On a similar issue, one of our main agrifood concerns is the poultry industry. We must get a resolution to the situation with Rose Energy and the issue of how we get rid of poultry litter. If no decision is made, 7,000 jobs will be under threat. It depends on the field trials for poultry litter that we heard about from the Department last week. Can you update on us when we can expect a clear signal for the poultry industry? There is no point in a farmer starting to build new poultry-producing houses if he does not know he will get rid of the waste.

Mrs O'Neill:

Poultry litter is very much a cross-cutting issue, because DARD, DETI and DOE are involved. I am acutely aware of the importance to the industry of being able to dispose of the litter in a sustainable way that does not affect production. I am very mindful of that and of the European legislation around it. It is DOE that needs to make the decision on Rose Energy. My position on Rose Energy is very clear: I do not believe that it is the way forward. I believe that there are alternative methods of disposing of poultry litter. I will not sit back and wait for Minister Attwood to make his decision, although, in last week's Question Time, he said that he will do so in the next two to three weeks. I have asked officials to look at alternative methods, and we are actively working on the issue. I do not want to sit back and wait for others to make decisions because I am acutely aware of the potential negative impact that it will have on the poultry sector.

Mr Swann:

Last week, we were informed that field storage will be OK until, I think, June 2013 – although I may stand to be corrected on the exact date. Unless we have a resolution before June 2013, the entire poultry agrifood sector, which is a major employer and a major contributor to that 8.3% increase, will be under severe threat. We need some ongoing action. Chair, you referred to joined-up government. The Minister's last two statements have referred to the fact that DARD cannot move forward because of DOE. Do we not need more effective joined-up government between the two Departments?

Mrs O'Neill:

I discussed that with Minister Attwood. I also met Rose Energy and local residents who are opposed to Rose Energy. So, I have met everybody involved. I am not sitting back waiting on DOE. I know that it has to make its decision, which is why I asked officials to step back and take a fresh look, with a clean slate, to see what alternatives exist. People consistently tell me that there are alternatives, so I want to explore that for myself. Nor do I want this matter to run on for a long time, because I am very aware of the deadline. I do not want to lose jobs in the poultry sector, nor do I want poultry companies to take their business elsewhere. That is where I am coming from on this issue. Gerry, do you have anything to add?

Mr Lavery:

I take the point about effective joined-up government, but there is also a case for the separation of powers. Planning authorities need to take a decision on the planning matter; in a sense, it is about insulating them from being responsible for a particular sectoral interest. They have to look across the balance of the interests of the poultry sector and of local residents. There has to be a separation of the two. That is not to accept that we are ineffective in working together; it is just that some functions have to be kept apart.

Mr T Clarke:

Gerry, I find your comments amusing given that you were at the centre of the Crossnacreevy affair; you did not get a very joined-up approach in how you got your valuation in the absence of planning permission. I am glad to know that you are well enough informed to know that two Departments are actually involved in the disposal of land and planning permission, because you failed when you were in that post.

I apologise for being late for the Minister. I think that this is the first time I have had the opportunity to meet her and welcome her to her new post. I appreciate the answer that you gave to Robin Swann and your party's position on incineration. I appreciate that you are new and will look at ideas for your Department. That is the nice part over. I have to say that your predecessor failed, because the Department clearly indicated, as recently as last week — this is on record, although you have Gerry there and he can say otherwise — that the only show in town with regard to technology is incineration. It has looked at other technologies over the years and, as Robin Swann said, 2013 is looming fast. The Department will have failed again if it has missed something. However, it has had a number of years to look at other technologies and has not come up with anything.

It is easy, Minister, for us to sit here today and blame other Departments for not coming up with solutions as regards getting planning permission passed. There is a responsibility on DARD, given that the sector is primarily agricultural. There is a failure on the part of the Department if it is not assisting them by coming up with another technology. Certainly, the fact that it has been left to this stage, with 2013 looming, will be seen as a failure by the industry.

Mrs O'Neill:

I will pick up on the comments about Rose Energy. I have made my position clear. I have my personal views, but I will work for the best interests of the poultry sector. That is why I met industry representatives on numerous occasions and why I met representatives of Rose Energy.

I am not convinced that incineration is the only way forward. We need to look at alternative technologies. The issue has been being dealt with for quite some time. We may possibly end up with a public inquiry, given all the different factors involved. My interest is in making sure that I help to support the poultry sector. I have asked officials to take a step back and take another look at what other technologies and alternatives there are. People consistently say to me — especially the campaigners against Rose Energy, but environmentalists, too — that there are alternatives to incineration. I want to explore those. I am not sitting back waiting for DOE to make a decision. I am doing that in the absence of any decision, because I need to make sure that our poultry sector is up and ready for 2013.

Mr T Clarke:

I appreciate your answer and your honesty. Am I right in saying that the problem for the agriculture sector is that it has applied for a derogation to extend the time for spreading in the meantime? Surely Europe will get fed up with your Department continually going back to ask for an extension. I appreciate entirely where you are coming from with regard to your view, your party's view and others' view on incineration. The problem is that you can keep going back to Europe, but there will come a stage when Europe says, "No, that is it. You have had extension after extension." We have had extensions to the time frame, and we are now talking about a date that is two years away. In the absence of a solution being put on the table today, we all have to live in the real world. Even if the Rose Energy proposal were approved today, and even if no case were being taken against the company by objectors, the chances of it being ready by 2013 are remote, given the time that it will take to get the plant in place. I appreciate the point you are making, and I think that you are sincere in looking for another option, but my concern is that we are running out of time. I do not believe that Europe will continue to show patience and give us extensions on something that it has been very forthright on in the first instance. Those are my concerns.

Mrs O'Neill:

I totally take on board everything that you have said. Europe will not keep saying that we should work away until we come to a solution or an agreement, so we have to be proactive. I am trying to be proactive by speaking to the industry and to Rose Energy. I will talk to anybody who can offer me an alternative way forward, because we will face European fines if we do not get the issue sorted. That will be an Executive problem, because it will have a direct impact on the entire Executive. So we need to get it sorted as the issue is time-bound.

Mr W Clarke:

One of the main obstacles to creating and expanding businesses in rural communities is planning difficulties, as well as other difficulties around issues such as deficits, road infrastructure and an increase in vehicle numbers. I believe that there is a clear need for the creation of small agrifood business parks in villages. There has to be the capacity to develop those types of businesses in a number of rural areas. If there are going to be continual objections from Roads Service or because of Nimbyism, there has to be somewhere that we can grow local businesses to support local economies. Have you had discussions about that with Minister Attwood? I know that there is a good opportunity when developing area plans, community plans and the new planning Bill. It is important to flag up at an early stage that we should be thinking about developing agrifood business parks to develop the rural local economy.

Mrs O'Neill:

That is a great idea. I have raised with Minister Attwood the barriers and delays in planning. It can take two or three years for some people to get their planning permission. We have raised that issue. The rural White Paper is a great opportunity to consider all of the issues that you raised, whether they concern DARD, DOE or a different Department. It is a good vehicle for us to challenge some of those matters and take them forward.

I have not considered the issue of agrifood business parks, but I am happy to take that away. We are very keen to support local rural businesses under the rural development programme. I have visited lots of projects and businesses that have availed themselves of the rural development programme. That has all been very positive, but it is about getting the message out there and about making sure that the money is spent by the end of the rural development programme and

that as many rural businesses as possible can avail themselves of it.

The Chairperson:

The Committee was down at the Republic's national ploughing championships, as were you and the Department, where we heard a very impassioned Minister Coveney, the Agriculture Minister down there, talk about what he was prepared to do to push the agrifood sector down there in the global market. Obviously, being a neighbour of theirs, we can reap some benefit from that, but, ultimately, we will be in competition with the Republic. Is the Department up for that competition? Are we in a place where we can compete with the Republic on agrifoods on a global scale?

Mrs O'Neill:

We have a very small economy on this very small island. Our target is for the export market, and our potential for growth is in the export market. That will involve us working together to appeal to whatever market we are trying to get into, including the wider European market. We can work collectively to get the best for our local businesses. I do not think that it is a "them versus us" situation. There is a lot of potential for us to work together to appeal to the wider European market. As I said, the economic market on this wee island is quite small. We should not fight among ourselves for the scraps on the table. We need to use our strengths and play to the wider markets.

The Chairperson:

I understand that we certainly have to be neighbourly and develop relationships, because that will advance our industry. However, if we take that approach and get too close, is there a danger that we will receive only what is afforded to us in that regard? Should we not stand on our own two feet as Northern Ireland plc? You have heard me use that term before. Can we compete with the Republic? I know that we need to grow links and assist each other when we can, but ultimately I feel that we need to push our own wares, assisting and being assisted by the Republic as and when we decide. Can you comment on that?

Mrs O'Neill:

I am happy to comment on that. We need to appeal to the wider market. As I said, our strength

lies in the export market; that is where we are going. We can work with the Twenty-six Counties; in fact, we can work with anybody who can help us to sell our “wares”, as you put it. We will work to the strategy that we develop. That will be our industry. Industry is not going to sit back and disadvantage itself. The industry will be driven and focused. It will decide what is good for it, where it wants to go and how it is going to get there. The industry can see the benefits of working with Minister Coveney and the industry there. Let us play to our advantages and use what we can.

The Chairperson:

The industry tells me that it feels that we are almost at the point at which DARD is more of a police force than a support mechanism and that, at times, it feels that its hands are handcuffed behind its back. What are your views on that? Since you took up office, what actions have you taken to remove the gold-plating from European legislation?

Mrs O’Neill:

I will pick up on gold-plating first. It is my view that we should not make the EU directives with which we work any more complicated. Let us take the directives and make them as simple as we can. In the previous mandate, Michelle Gildernew took forward the better regulation action plan, which led to some improvements. However, the industry said that, although there might have been improvements, farmers did not see how they made a difference to them. There could have been more background improvements.

When I came into office, I took a step back. I recognised the importance of the work that had been done and said that we should look again at simplification. I know that departmental officials are appearing as witnesses in December to report on that simplification process and on what we have done in the past number of months to make improvements and simplify issues. I hear about gold-plating quite frequently. The Department does not set out to make anything difficult for anybody; I am mindful of that. When officials talk to the Committee about what the Department has done in the past five months or so, I hope that you will get a better feel for it.

Your first point was about DARD being a police force rather than a support mechanism. I do not think that you can say that. DARD is putting the £500 million for the rural development

programme into rural communities. We also do work with skills and innovation, research and development and the education colleges. That is positive stuff. I do not think that you can say that any of that is handcuffing anybody.

We have spent £21.8 million on food. I do not know whether the industry could say that that is a hindrance; it is a benefit. If there are issues on which the industry feels that DARD is not up to the mark, I will be happy to listen to any comments. I have been out and about in the past five months, and there will always be issues and challenges; no one will ever be fully satisfied with what DARD is doing. I am always happy to take people's comments on board and improve where we can.

The Chairperson:

You will be aware of the evidence session we had last week regarding the Ulster Potato Association. It would be unfair to expect you to comment on that issue today, but will you investigate it and see through the detail on it?

Mrs O'Neill:

Do you want me to comment on it now?

The Chairperson:

If you can.

Mrs O'Neill:

I am aware that you discussed the issue last week. DARD carried out its normal inspections when those potatoes were being exported. As far as DARD was concerned, everything was OK. When they got to Morocco — this was before my time — DARD believes that a different interpretation was put on what had consistently been the case in the past. That would be the best way to put it. DARD officials did a lot of work with the Moroccan Government, and we sent some officials out. I will ask Gerry to pick up on the specifics, if you want, or do you want to leave it?

The Chairperson:

I know that officials are appearing before the Committee next week to give us some details.

Mrs O'Neill:

On that issue? I was just giving you an overview of what I was —

The Chairperson:

I do not mind having an overview. It would be unfair of me to ask officials for that now, if we are going to talk to them next week. I appeal to you, Minister, to keep an eye on the matter and get across the detail. I feel that it is a very serious issue. It is about agrifoods and our export market, and from what we heard last week, we cannot be making what they say is a mistake such as that. I will park it there until next week, as it would be only fair. I ask you to keep abreast of the situation.

Mr Irwin:

There are a number of incinerators — one in Scotland, two on the mainland and a number across Europe — that are working effectively and pose no pollution problems to my knowledge or that of anyone else here. If there is no other proven way found to deal with poultry litter, will the Minister accept incineration?

Mrs O'Neill:

I am not convinced that there are no alternative methods. We will wait until such times as my officials come back with a new report. I do not want that to be a long, drawn-out process, however. I have asked them to do that very speedily. I am not convinced; experts tell me that alternatives exist, so we need to look at those.

Mr Irwin:

At this time, the Department is telling us that there is no proven alternative. If the Department comes back and says that incineration is a proven way, will you accept it?

Mrs O'Neill:

I do not accept that there is no alternative. I will wait until such times as the Department comes

back to me —

Mr Irwin:

Even though your own Department tells you that there is no alternative?

Mrs O'Neill:

I have asked my officials to go away and take a fresh look at the issue. I believe that there are alternatives. New technology is developed constantly in this field. The issue has been going on for a long time. When the other technologies were considered initially, perhaps it was thought that they were not fit for purpose, but I think that things have changed. We need to go back and take a look at the alternatives.

Mr Swann:

Earlier, you and Willie Clarke mentioned small food business parks. Are there any opportunities now to consider putting smaller food producers, retailers and processors under axis 3 of the rural development programme rather than putting them all into axis 1? I know that a working group was set up to look at that possibility, but I am not sure whether it has reported back. I should declare an interest as a local action group (LAG) member, Chairperson.

Mrs O'Neill:

I am very interested to hear what the Committee has to say about that; I know that you had an evidence session about the rural development programme, and I would be interested in getting involved in the stakeholder event that you intend to hold. Gerry will pick up on axis 1 and axis 3 issues.

Mr Lavery:

We looked at the fact that the processing and marketing grant was drawing applications from larger companies. We created a special area within the processing and marketing grant for smaller producers, and we have also opened up axis 3 to allow smaller companies to avail themselves of that funding stream. A wide range of support is currently available. The difficulty for companies is around access to the match funding; that is showing through in the underspend in axis 1 and axis 3 and is a cause of concern to us. We have taken down the barriers and hope to

see some results from that very soon under the axis 1 processing and marketing grants for smaller producers.

Mr Swann:

Is there anything currently under axis 3?

Mr Lavery:

Yes. People can avail themselves of that. We have allowed food production to be one of the eligible categories. We can give you further evidence on that.

Mr Swann:

I would appreciate that.

Mrs Dobson:

The European Commission has proposed some stringent reductions in fish quotas for next year, including an outright ban on cod fishing in the west of Scotland and in the Irish Sea. That has rightly angered many in the industry. The Committee will receive a presentation on that issue next week. Will you give us your opinion on the issue?

Mrs O'Neill:

The underlying principle of the common fisheries policy is that we can fish sustainably so that we can not only exploit our fishing market but have a sustainable future. The concerns about cod have been well rehearsed with me. DARD voted against that when it came before the European Commission a number of years ago. Local industry is saying that the 25% year-on-year cut will eventually wipe that out, so we need to consider the issue seriously.

I am going to Luxembourg next week to speak to the Commission about our quotas for this year and about the wider common fisheries policy. I intend to meet industry representatives over the next couple of weeks to discuss those issues further. However, the industry is concerned about the initial quota figures and has raised the issue with me. We need to drill down further, get into the negotiations and make sure that we get the best deal.

Mr Lavery:

Obviously, the Minister will be at the December Fisheries Council at which total allowable catches (TACs) and quotas will be negotiated. As she said, we are very disappointed in the initial advice from the Commission about prawn quotas, which is the main stock that is bringing in a return to the industry. The Commission is looking for a significant reduction, but we believe that the stock is robust.

As the Minister said, we accept that there has to be some level of by-catch, and a couple of good year classes in cod are showing through. The area of dialogue between us, the industry and the Commission is around whether those are a couple of good year classes or, as the industry believes, evidence that the stock is starting to recover. We will have to play that out in a live negotiation between now and the end of the year. The Minister says that she is across the issues and will now engage with the industry.

Mrs O'Neill:

When we go to Europe, we are very much fighting science with science because Europe is saying to us that we do not have long-term sustainability. Our science, through AFBI, is saying that we have good, sustainable stocks, especially with prawns. We will fight our battle with that scientific evidence.

Mr McMullan:

The food industry is turning over something like £3.5 billion and employs over 90,000 people. Indeed, the 2010 figure of £8.7 billion is remarkable. That is a sizeable market in anybody's eyes.

We spoke about the rural development programme earlier, and planning is a problem. In the previous Assembly, the then Minister of the Environment, Sammy Wilson, instructed the Planning Service to look sympathetically at any applications through the rural development programme. If we are talking about slowness in planning, the Committee would need to find out whether the planning authority put that request from the then Minister into operation. Applications need to get through the planning process quickly so that people can avail themselves of funding when they come out the other side because they cannot afford a long wait from

application to planning permission. The Committee should look at that issue. That statement would be helpful if it is still in the Planning Service.

Mrs O'Neill:

The points are well made, and I raised, and will continue to raise, that issue with Minister Attwood. Quite often, when I speak to LAGs, I am told that planning permission is one of the biggest barriers. It holds everything up, so I am happy to continue to work on the matter.

Mr T Clarke:

To supplement that: the point is well made but possibly does not go far enough. Even when a planning decision is made, the Planning Service is not sympathetic to rural businesses or diversification. With regard to your good office in speaking to the Minister, perhaps we could get some response from the Planning Service. Most of us, in some respect, represent rural communities, and that is what we are hearing. Oliver is right about slowness in processing applications. The Planning Service has absolutely no sympathy towards rural businesses, especially towards those that want to diversify from normal farming methods. You talked about the amount of money that the Department has to spend on the rural development programme. There is absolutely no point in having millions of pounds if other Departments make it difficult for us to get that money into the community. Could you please make representations to the Department of the Environment as to how it could be a bit more sympathetic towards rural businesses and especially towards diversification?

Mrs O'Neill:

OK. Thank you.

The Chairperson:

I think that we have finished. I want to ask a question. I realise that you came here to talk about agrifoods, and the Committee appreciates that you have taken questions on other issues; we thank you for that. Certainly, members have taken advantage of the opportunity of having you here today. Can I ask you about DEFRA's position on CAP reform? How alarmed — perhaps that is not the right word — how concerned are you about that position, and what are you and the Department doing about it?

Mrs O'Neill:

I am sure that you have heard me say previously that I am very concerned that DEFRA has taken a position so different to ours. Sometime in the next week and a half, I am going to meet Caroline Spelman, and I will put my case to her. Representatives of the other devolved Administrations will also be there, and it will be a good opportunity. We share the same issues, and we are all concerned at how DEFRA's stance has developed, particularly on the rural development programme and match funding. We have been concerned about all those issues, so much so that DARD made its own representation to Europe to present its stance on CAP reform because it was not confident that its views would be properly reflected. We went to Europe and met Georg Haeusler and other influential people, and we put our case to them. Obviously, tomorrow is a big day for CAP reform, and we expect the proposals to be out by lunchtime. It will all start from there, and we will have to get stuck into negotiation to ensure that we get the best deal possible.

I am happy to talk to the Committee. I am not sure whether you have any plans to meet the Environment, Food and Rural Affairs Committee, but I am happy to report to this Committee on how we get on in our meeting with Caroline Spelman and the other devolved Administrations.

I also want to highlight the role that our MEPs will play. Given co-decision-making in Europe, they will be vital in the time ahead. We need to get them on board and give them a strong message as to what we want from CAP to get the best deal possible. This will be one of the major issues that we will be talking about in the period ahead, and my officials and I are always happy to attend and update the Committee as the CAP negotiations continue.

The Chairperson:

I want to keep you up to speed. The Committee has written to DEFRA and the other regions. We are planning a visit to Brussels. William Irwin and I might have the opportunity to go out there next week to push for Northern Ireland's interests. The Committee is on top of CAP reform, and we have written to all the stakeholders, people of influence and those concerned. We have not yet received a response from DEFRA; I take it that that is because the Ministers are attending their party conferences.

Thank you very much for attending along with your officials. It is good to have you here and to ask questions of you. I thank you for your answers. I will summarise. As Mr Murphy said, it would be good and helpful to have the terms of reference of the food strategy board and the job description for its chair and members. Once members receive those details, the Committee will reflect on them. Any response we make or position we take will be reported to you.

Mrs O'Neill:

Thank you.