



Northern Ireland
Assembly

**COMMITTEE FOR
AGRICULTURE AND
RURAL DEVELOPMENT**

OFFICIAL REPORT
(Hansard)

**Northern Ireland Rural Development
Programme**

31 May 2011

NORTHERN IRELAND ASSEMBLY

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RURAL DEVELOPMENT**

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Members present for all or part of the proceedings:

Mr Paul Frew (Chairperson)
Mrs Dolores Kelly (Deputy Chairperson)
Mr Thomas Buchanan
Mrs Jo-Anne Dobson
Mr William Irwin
Mr Oliver McMullan
Mr Robin Swann

Witnesses:

Mr Gareth Evans)
Mrs Pauline Keegan) Department of Agriculture and Rural Development
Mrs Lorraine Lynas)

The Chairperson:

I welcome Pauline Keegan, Lorraine Lynas and Gareth Evans to the first meeting of the Committee for Agriculture and Rural Development. I invite you to speak to your paper.

Mrs Pauline Keegan (Department of Agriculture and Rural Development):

Thank you very much, Chairman. Good afternoon. I am responsible for axis 1 and axis 3 of the Northern Ireland rural development programme. The objective of axis 1, which is for farmers and farm families exclusively, is to increase the competitiveness of the local agrifood industry. To achieve that, we work with the delivery agent, the Countryside Agri-Rural Partnership, which

delivers five of the six axis 1 measures for the Department of Agriculture and Rural Development (DARD). The sixth measure, the processing and marketing scheme, is delivered directly by DARD.

Axis 1 aims to spend £45 million over the life of the programme, and to the end of March, it has spent almost £15 million. That figure covers spend of £2.3 million on vocational training for focus farms and on farm-family options, which include mentoring and skills training for farmers and farm families, benchmarking and supply-chain training. There has been a spend of £6.8 million on the processing and marketing scheme, just over £5 million on farm modernisation and £500,000 on supply chain.

You will also know that there have been two tranches of the farm modernisation scheme to date. The second tranche, which accepted applications at the end of 2010, received almost 8,000 applications. Almost 2,600 letters of offer have now issued, allocating nearly £8 million in financial support. Interestingly, 87% of applications were received online, which resulted in an additional five marks being added to those applications when they were scored. It is pleasing that a lot of applications were made online. In March, the Minister announced that there will be a third tranche of funding later this year.

The benchmarking measure continues to do well, with nearly 1,500 benchmarks completed last year. The focus farms measure has seen nearly 7,000 visitors to 55 focus farms. The processing and marketing scheme is successful, with grants of up to £500,000 available. However, we are now trying to encourage small-scale processors to apply for that scheme. We are offering a processing and marketing grant of £50,000 or less, and we have set aside a reserve of £300,000 for such applicants. The aim was to attract small-scale processors, and we have received 44 applications. The scheme closed only last week, and we are having a look at those applications. I am confident that the grants will help small-scale processors to get a step on the ladder to promote and enhance their business and, even in some cases, to move towards export. I think that that is an encouraging sign. Axis 1 contributes strongly to one of the Department's draft strategic goals, which is to help the agrifood industry to prepare for future market opportunities and economic challenges. So it is an important initiative for DARD and the industry.

Axis 3 has been and remains a successful and much-needed intervention in the rural community. Although it was slow to get up and running — that is usually the case when local partnerships need to set up and put administrative systems in place — joint council committees (JCCs) and local action groups (LAGs) — as you know, Mr Chairman, those groups comprise volunteers — have put a huge amount of effort into working in their local communities and into bringing forward projects and programmes that really have the potential to have a lasting and positive effect by creating and sustaining jobs, helping businesses, enhancing tourism and renewing country villages.

You will know that the overall Northern Ireland rural development programme brings an investment of over £500 million into the rural community, which is a huge amount of money. Axis 3, with its focus on business and economic progress as well as on social economy opportunities, contributes to that investment. Given that local people take local decisions for local areas, we know that that investment will be effective and sustainable.

However, there have been difficulties. The axis has had some criticism in the past, because although considerable funds have been committed through letters of offer — indeed, £36 million has been or will shortly be invested in the rural community through letters of offer — actual spend on the ground and in the pockets of rural dwellers has been slower to materialise. The spend figure sits at over £8 million and relates to 164 fully completed and signed-off projects. The majority of that actual spend is in the area of business creation and farm diversification. As I say, rural tourism has also been a popular measure.

You will also know, Mr Chairman, that DARD received an additional £1.5 million from the EU Commission for rural broadband last year, which was funded under the auspices of the basic services measure. We got full spend in 2010-11. That money has been welcomed by the rural community for the difference it has made to connectivity in most rural areas.

I mentioned slower spend. In September 2010, the previous Minister Michelle Gildernew asked me to carry out a review of any potential barriers or hindrances to progress with speedier spend. I carried out the review with the local action groups and the joint council committees,

which were extremely helpful, as well as with the Rural Network for Northern Ireland. We identified a number of key issues, a resolution of which would help the LAGs to work more effectively. Those issues were the level of audit in the programme; whether e-mails and faxes could be accepted as quotes for items; the need for a new programme for processors wanting small grants, as I mentioned earlier; the need for more assistance for LAGs for corporation projects between member states; the need to increase the number of phased payments to speed up project claims; and flexibility to enable LAGs to carry out self-implementation projects — in other words, LAGS could become the project promoters. There was also an issue with the difficulty of accessing match funding for projects, the assessment of grant rates and whether they should be amended or increased.

I am happy to say that all those key issues, as well as a raft of smaller, more operational issues, have been addressed, and the majority have been resolved. E-mails and faxes are now accepted. A new small grant scheme was developed by DARD, as I mentioned, and applications for that closed last week. I have agreed to move a staff resource towards co-operation projects and have dedicated a deputy principal to that work. The number of phased payments has been increased from three to five.

The issues about self-implementation projects have been taken forward by the Rural Network for Northern Ireland, which worked with the people involved in the programme. It will put recommendations to me shortly. The network also looked at grant rates across the EU. Northern Ireland is in line with other member states, and the local action groups accept that any change to grant rates might be for the new programme rather than for the current one.

Officials have spoken to the four main banks about operational difficulties in accessing match funding in this very difficult economic climate. We are looking at a new process that involves submitting a business case for each project, because the banks have told us that it is difficult to put money out there if they do not think that the projects have real quality. We are working on trying to prove that a project has quality, and we will talk to the LAGs about that to see how we take it forward.

All these issues have been taken forward with alacrity. I hope that, as the LAGs contend, this

will have a positive and lasting effect on spend, because it is important that we get spend out there. It is important that rural dwellers see and feel the real and genuine positive effects of this programme, because it has the capacity to achieve enormous good in the countryside.

I am also convinced that local decision-making in the axis makes it unique, supplemented as it is by the important contribution from local councils that have responsibility for the good financial and administrative governance of the programme, as well as ensuring that it sits comfortably within the context of other spend and interventions in the area. The way in which we are taking it forward is unique, and it is, therefore, a programme that deserves to receive universal support and backing.

I am happy to take any questions. I am sorry if my presentation was a little bit long.

The Chairperson:

Thank you very much for your report. Certainly, this issue is of interest to me. You will know that from the range of questions during the last mandate from me and other members.

You mentioned the raft of changes that have been made because of the review, such as the acceptance of e-mails and faxes. I welcome the review. It seems to me and, I am sure, to other members that the process was frustrating for applicants. They had to jump through many flaming hoops just to prove that their application was worthy. Then there was outside interference such as banks and planning issues, which were massive issues for applicants. Do you feel that you can implement more changes in the next months and years before the programme ends to make it even easier, or do you feel that, now that the review has been conducted, that is basically it and what we have is what we have?

What are your feelings about the local government elections and membership changes in committees? Has that been factored in? Will it hold up projects and cause delays in the system?

Mrs Keegan:

With regard to more changes, during the review, we spoke to local action groups and joint council committees and asked them what key issues they thought would help the programme and help

them to achieve spend faster. Plenty of letters of offer are being sent out: £28 million is waiting in the wings to go to appraisal, and another £18 million is at pre-appraisal. The number of applications and the amounts of money are there. However, we need to go from the position of a letter of offer going out to turning that into spend, and those are the issues that we need to look at. Therefore, we asked the LAGs what issues would help to phase payments, and the acceptance of e-mails and faxes for procurement was mentioned. Procurement is a huge issue, and the Department follows the advice of the Central Procurement Directorate in the Department of Finance and Personnel (DFP), as do all Departments. Some of the flexibilities that we brought in took some time, because we had to convince our colleagues that this was a unique programme. We needed to try to help people such as MLAs and others who are working on the issue every day to get the spend out. It took a little time to get there, but we did get there, and it has been helpful.

I am hopeful that most of the changes will mean that the programme can move on quickly. It really is changing the number of letters of offer — committed money that is out there — and taking problems with match funding into account. There have undoubtedly been problems, but we also hope to address those and realise them in spend. We are halfway through the programme, and there has been a mid-term review. Obviously, we will be looking ahead to the next programme and learning lessons. One of the lessons might be a separate axis, because there is axis 1, axis 2, which relates to agrienvironment schemes, is in the middle, and there is the more traditional rural development in axis 3, whether or not that is a good thing. Farm diversification is in axis 3, which is just for farmers, but that is not in axis 1. Many things could come together, and this is an excellent opportunity. LAGs will have their opportunity to state how they think that it should happen. I am sure that the LEADER methodology will remain.

You made a good point about membership changes, and all the local action groups raised that issue. In the beginning, we tried to put training in place so that people could understand what they are there to do, and we are working to put that in place again very quickly. The local action groups said that they want a couple of weeks to get everybody in place, and our training will, I hope, kick in and allow people to get up to speed. I am sure that there will be a mixture of experienced heads and new faces, but we will do our bit to ensure that that will run smoothly.

Mr Swann:

Thank you very much, Mrs Keegan. Earlier on, I declared an interest; I am a non-remunerated director of the north-east LAG. I welcome your solutions. Are they detailed in your paper? I know that you have given them to us orally, but I cannot see the detail.

Mrs Keegan:

If the Committee would like some more information on that and would find it helpful, I can produce it quite quickly.

Mr Swann:

I welcome the solutions that you have given. At our last LAG meeting in April, we were still raising the frustrations that a lot of those solutions would have answered. I am concerned that we are hearing solutions today that have not been implemented into active and live LAGs because of the changes following the elections. I am concerned that we are hearing good news without it actually being out there on the ground. As a member of a LAG, I know the frustrations.

There was also a lot of frustration around the meeting with departmental representatives. I know that Gareth — sorry, Mr Evans —

Mr Gareth Evans (Department of Agriculture and Rural Development):

I am happy enough with Gareth.

Mr Swann:

There have been a lot of meetings, but there was some frustration because they could not seem to get access to you when they thought that the matter was critical. Can you update us on that?

Mrs Keegan:

I have responsibility for axis 1 and axis 3, the anti-poverty programme and INTERREG. There are quite a few programmes. That said, I mean it when I say that this is an important programme. It is important to get money out to the community.

For the past eight or nine months, I have been meeting the LAGs monthly. Those issues have

come forward. You are absolutely right that they do come forward. The administration units in the local action groups will be able to deal with some of the issues, such as phased payments. Council employees can take much of that forward. However, I have also written to them to let them know where we are.

Mr Swann:

My final point concerns the new programme already being under development and well advanced; John Smith mentioned that during his presentation. As a member of a LAG, I was not aware that that was as far down the line as it seems to be, which concerns me because I would have thought that there would have been more acceptance by DARD. The measure and the way in which it has been developed is very much an audit-driven programme, which we have seen through delivery.

I was hoping that DARD would have learned that lesson at this stage and taken into consideration the input of the members who are working it through the LAGs and the JCCs, and the staff who out there. I ask that at this stage of the programme, DARD starts to do that sooner rather than later rather than continuing with a programme that will cause more frustrations in delivery.

Mrs Keegan:

I apologise if I gave the impression that we were very far advanced in the development of the new programme. That is not the case. However, LAG and JCC members were closely involved in the mid-term review of the programme. As I said, lessons should and will be learned, and the practitioners on the ground are the people who can do that. However, we are not that far down the road, and I am sorry if I gave that impression. I will ask Lorraine to say a word about that.

Mrs Lorraine Lynas (Department of Agriculture and Rural Development):

I deal with rural policy, which is on the managing authority side for the whole Northern Ireland rural development programme. Yes, we are thinking about preparations for the new programme. The information that emerged from the mid-term evaluation, which had to be done at that time in the programme because it is a regulatory requirement, was that it had been a slow start and that there was not a lot on the ground. We took two recommendations on board. The first is to do a

mid-term progress update early next year, which will directly feed into policy development for the new programme. The second is to undertake a review of the way in which we have implemented LEADER, not only in this programme but in previous programmes, and the effectiveness of the LEADER approach.

The new programme is much like common agricultural policy reform: the two issues are inextricably linked. We are waiting for the European Commission to publish its proposals for pillar 1 and pillar 2, and you may be aware of some of the things that have been mentioned. All we are doing is gearing up our policy divisions to start to think about policy, but we are doing that in the absence of knowing the content of pillar 2. However, we are seriously considering how we can gather evidence, and so forth, and we will be seeking views when we get to that point.

At this stage, we know very little about the structures other than that we are pretty sure that there will not be an axis structure in the new programme and that it is likely to be based around key themes such as competitiveness. We are just thinking; we have not gone any further than that. As far as preparations are concerned, we are aware, and we have timelines in place. We know that key elements must be done, but at this stage the content is not known.

Mr Swann:

My point is based not only on what you said but on what was mentioned in the previous presentation. John Smith referred to the new programme being under development.

Mrs Keegan:

Yes, that is the phrase. As Lorraine explained, we are just really thinking about issues. It is good to hear that perhaps there will not be axes, but that has to be discussed and taken forward. The practitioners on the ground are the people to whom we need to talk.

The Chairperson:

We would be critical if you were not considering the next programme. That is very important.

Mrs Keegan:

Yes, I understand that. If we were leaving it too late, in other words —

The Chairperson:

It is very good to be one step ahead and always thinking about the next move even though we are still knee-deep in this one. We must always think of the future.

Mrs Keegan:

You are quite right.

Mrs D Kelly:

Thank you for your presentation, Pauline. In my constituency, there are still issues about rural broadband. Are there any plans to extend the rural broadband initiative, or has all the funding currently allocated been spent?

Mrs Keegan:

It has all been allocated, and we got that money specifically to do that broadband work. People tell us that they are very interested in that topic, and they want more money put into it. Gareth sits on a project board with the Department of Enterprise, Trade and Investment (DETI).

Mr Evans:

DETI has a broadband project board, which deals with current and next generation broadband and looks forward to the next big broadband project. I volunteered to sit on that board and put forward rural issues. DETI recognises the fact that, in the future, the big want will lie outside towns. My perspective on that is to look at every opportunity that comes along and pull it towards the rural side.

Mrs D Kelly:

I urge that some consideration be given to that. It was brought up — bear with me — on the campaign trail recently by farmers in relation to their businesses.

Among other things, I noted the village enhancement scheme. You will be familiar with the Department for Social Development's (DSD) urban regeneration and shop front schemes, but our villages do not get that opportunity. There are a lot of small shops and businesses in villages that

need help. Are there any schemes of which they can avail themselves?

Mrs Keegan:

Yes, you are right. Village renewal is the rural perspective of neighbourhood renewal. The idea of village renewal is that local communities can look at —

Mrs D Kelly:

I know. I have been involved in it before.

Mrs Keegan:

You know the issues that have been taken forward, which include environmental enhancement. That used to be done through the former community regeneration and improvement special programme and the community economic regeneration scheme that DSD used to take forward.

Mrs D Kelly:

Yes, but those schemes were selective about the areas that were included.

Mrs Keegan:

That is right. Something can be done if a local action group gets a project in and decides that it is a good thing to do.

Mrs D Kelly:

However, some of the policy needs to be driven by more than just a local action group. With all due respect to some members of local action groups, it can just be a case of who is available to go onto a committee from among the elected members. It may involve people filling places or keeping someone else out. That is often the case, I would have to say, although it is not necessarily so. It would be interesting to check the attendance records of some people at local action groups. I was a former member of LEADER II at Craigavon, a rural development company, so I know that many people give many hours of voluntary work to such groups. However, at times there is also a need for some direction and at least a sharing of good practice from elsewhere.

Water quality is an important aspect of the environment for this and future schemes. Lough Neagh has been described as a cesspool in the European Union context, although it is one of our major reservoirs. Many drainage channels flow into Lough Neagh. I wonder how we are to marry all those aspects in a strategic overview to take in the needs of the rural development programme but also right across government and agriculture to improve people's quality of life and living standards.

Mrs Keegan:

Let me return to your point about good practice and how it works. The Rural Network for Northern Ireland is involved with all the local action groups, and we have commissioned it to work with them across the programme and over its life in axis 1. That issue was part of the review. We said that we need to look at good practice. If one local action group does something well in village renewal, can that be taken across to another LAG? Local action groups are working well with the Rural Network for Northern Ireland in that regard.

Mrs D Kelly:

With all due respect, it is not just about examples of good practice in Northern Ireland but throughout Ireland and in GB. There were opportunities under the border INTERREG funding for the west coast of Scotland and here.

Mr Evans:

With respect to the village renewal scheme, under the network, one European aspect is that they like people to get involved in thematic groups. The first thematic group that was developed was for village renewal. From starting off with a lot of sceptical people, it got to a point at which people understood what village renewal was about. Some of the village plans have come to fruition and are starting to go out on the ground.

The idea is to get that group back at some point and take them back to some of the areas that have been, and will be, developed under the programme, so that people can take best practice back to their areas.

Mrs Keegan:

Dolores, there is also a balance to be struck between what the measures state and what you expect

us to do within those measures, and DARD's objectives and what we want to achieve. That is absolutely right, and we should determine where there are gaps and where things are not being done. The local people are saying what they need for their areas. For example, a local action group in Fermanagh is likely to be interested in tourism. Therefore, it is about striking the balance, but you are right that it is also about looking outside to see what is happening. That is an integral part of what we should be doing. As Gareth says, the network is there to work with people, but we also have a role, as do you. There is no point in investing a great deal of money on the ground only to look back and ask what it achieved and whether it changed anything. Every Committee member would be held to account for that.

Mr Evans:

May I add a comment about village renewal? The north-east area is considering a co-operation project with Waterford. In the initial stages, there is a cross-border aspect to the project, but there is also an intention to extend it, perhaps to Scotland. Another co-operation project in the north-east, in the Dalriada area, could also bring about village renewal.

Mr McMullan:

I have to declare that we met before at a joint committee.

I welcome the changes to some criteria, including those for small businesses. What small businesses are allowed in now that were not allowed in before?

Have the managers of the joint committees been instructed to inform those firms, which were previously excluded because of the regulations, that the changed criteria mean that they can now reapply? Those who were turned down previously should be allowed to reapply. They should receive preferential treatment and not have to join the queue. As they have already been assessed, the LAGs should not be put them through that problematic process again.

I want to ask about the role of two organisations, the Tourist Board and Invest NI, in the whole process. The Tourist Board said that it put £11 million into the programme. Who manages that money? Is it the rural development programme, or does the Tourist Board manage that money itself? Invest NI is primarily an export company. How can it help the small farmer who

applies for £5,000 or £6,000? The rural development programme does not allow for training, but Invest NI can get money for training — that is a nonsense. More training should be available to the owners of small businesses. If they are not Invest NI customers, where can they go?

Are we getting the word out to councils? I am nearly scared to say that I am a member of a council. Some councils do very well when applying to the rural development programme, but others do not apply in the way that they should. One council, which I will not name, applied to the rural development programme for a playground, which cost its ratepayers only £14,000 because the remaining cost went through the programme. That is the kind of innovation that we would like to see from councils, but it is not happening. Some councils put the onus for small projects such as that on to the village renewal programme. That is wrong, because if that money can be attained elsewhere in capital projects, councils should avail themselves of that and not put it on to the village renewal plans, which have enough to do.

I promise that this is my last question: how can we get planners to practise continuity? We talk about renewable energy, etc, but some areas can get permission for wind farms, whereas others cannot. There is no continuity across the board in planning on the rural development programme. That is causing a bit of a problem.

Mrs Keegan:

Mr McMullan, your first point was about small businesses being eligible. One issue was that of small businesses falling between two stools. They could not apply to axis 1, because the rules kept them out: they were lower than the 90% input. Food processors could not apply to axis 3 either. We have tried a new small grant scheme, to which businesses, such as Moy Park or a smaller processor, could always apply. However, the smaller processors felt that they were unable to meet all of the criteria in the way that the bigger companies could. We have, therefore, ring-fenced money to allow the smaller processors to seek small grants.

The business creation scheme has always allowed businesses with fewer than 10 people to apply. Is that your point, or have I missed your point?

Mr McMullan:

That is my point. Some small businesses, even those with fewer than 10 employees, were told that they could not apply. May I name one?

The Chairperson:

Yes.

Mr McMullan:

A transport business was told that it could not apply. When I questioned that, I was told the same. The food business is fine, but an anomaly remains. A food business can get a grant to construct a lovely building or install a kitchen, but it is not permitted to put food into it. Money for a fish pond qualifies, but not money for fish. Those are the sorts of situations that are happening. If it could be proven that the fish were for sport, that would be fine, but I do not know anybody who catches a fish, takes it home and puts it in a drawer. It will be eaten eventually, or else it will be thrown out. That problem has not been sorted out yet. Two or three such applications have been turned down. Also, some small businesses are being excluded because of the nature of their business.

Mrs Keegan:

That might be true. My guess is that some such businesses apply for funding for something related to mobile infrastructure.

Mr McMullan:

No.

Mrs Keegan:

Is it not that?

Mr McMullan:

They applied for office equipment and machinery to extend their business.

Mr Evans:

The only real restriction in the programme is that it does not fund old for new. We do not replace old equipment.

Mr McMullan:

They were applying for brand new equipment.

Mr Evans:

I do not know the exact details, but anything outside of old for new is eligible for funding. You talked about fish. As the programme does not fund stock of any sort, we will not stock the shelves of any business. That is why fish are excluded. There is also the issue of fish for human consumption. Cases in which somebody builds a pond to breed fish for sale to the human market come under the remit of fisheries, which have specific grants for that. We fund “put-and-take” and “put-and-take-and-put-back-in-again” ventures. We have, in fact, funded several of those.

Mr McMullan:

You decide what qualifies for “put-and-take”, and so on, and the same applies to breeding stock, which has also been hit.

Mrs Keegan:

If there is a LAG issue, we could discuss it outside the meeting. I cannot explain what happened in that particular case, because it does not sound as though it should be outside the rules. There may be something that we do not know.

Mr McMullan:

Maybe you would contact me to talk about it.

Mrs Keegan:

Yes.

The Chairperson:

I appreciate that. Other issues were raised.

Mrs Keegan:

Mr McMullan also mentioned the councils. Many small projects are funded, which is not surprising. Many small projects that people have had on their books for some time are coming forward. I understand that. We could look more strategically at how we spend money. We want to spend money through the programme.

I meet the chief executives of councils fairly regularly, because they have an interest in the programme and have been talking to me about how we could start to move it forward strategically.

Your last point was about planning and wind farms —

Mr McMullan:

Will you touch on the Tourist Board?

Mrs Keegan:

I will come back to that.

Mr McMullan:

I am less worried about planning.

Mrs Keegan:

As is the Civil Service way, I am jumping to the easier issues. On the issue of planning for wind farms, we are looking at renewable energy. We did a bit of work to ensure that we include renewables. I do not mean to sound flippant, but planning issues are for the planners. However, we work closely with the Department of the Environment (DOE), which has tried to consider rural development applications in a focused way, and we have tried to fast-track them when we can. Wind farms are major constructions, but we have a relationship with DOE and work with other Departments. When we put something forward, DOE is willing to consider it for us.

Mr Evans:

We work jointly with DOE on the production of a leaflet on farm diversification. That gives farmers the best possible guidance on how to apply for planning permission for something that could be funded under the rural development programme. That is in the public domain.

Mrs Keegan:

At the beginning of the programme, the Tourist Board worked with us on the tourism projects. The Tourist Board determines how it can be involved in the projects and whether it can bring match funding to the table in the same way as anybody else would. We have a good relationship with the Tourist Board, which has worked pretty well with us. Were you talking about a specific amount of money?

Mr McMullan:

At the start of the programme, it was mentioned that the Tourist Board would bring a certain amount of funding to the table. That could have been match funding or whatever. I think that the figure of £11 million was mentioned, but I have never seen any evidence of that £11 million from the Tourist Board. Is that £11 million in addition to the budget of the rural development programme?

Mrs Keegan:

If it is being brought in as match funding, it is additional money.

Mr McMullan:

There is no evidence of that whatsoever.

Mr Evans:

There is a fairly large number of joint projects right across the Province. NITB takes the lead on any project for which it provides the majority of funding. It has helped in a number of projects, including some up in the north-east. "The Bothy", as it is referred to in the north-east, is a good example of the combination of rural development programme and NITB funding. There are projects right across the board, and a significant amount of funding comes from NITB.

Mr McMullan:

Will you find out for us how much of that £11 million has been spent, and on which projects?

Mrs Keegan:

Yes, we will come back to you on that.

Mr Irwin:

As a member of the Southern Organisation for Action in Rural Areas (SOAR), which is my local action group, I well know the frustration. One criticism I have is that, although we welcome the review, it remains to be seen whether the majority of the cases are resolved. I hope that they are, but I will reserve judgement. I think that the review was initiated last August: is that right?

Mrs Keegan:

The Minister announced it in the House on 28 September.

Mr Irwin:

Local action groups were pushing for a review from June or July last year. It has taken a long time to get to this situation. I hope that all the issues are resolved but, as I say, I will reserve judgement. You talked about small grants of up to £50,000. Are small food processors included in that now?

Mrs Keegan:

Yes, that is under the axis 1 scheme.

Mr Irwin:

OK.

Mr Buchanan:

I am critical that the grants of up to £50,000 are not flexible enough. Young 20- and 21-year-olds in my constituency submitted applications, one of which was to establish a garage. The premises were there, and the application was only for the supply of some of the larger machinery, such as a large car jack, but it was turned down point blank.

Another example is that of a small industry that makes gates, and so on. Again, its application was refused. When the individuals submitted applications, they received letters stating that they had been refused. The local action group did not provide any feedback on why the applications had been turned down or offer to provide help. There was no comeback for the applicants whatsoever. That simply took the heart out the applicants, who said that it was the first time they had made such an application. They had put in all of their own money and thought that there was an opportunity to get a grant. As the grant was pound for pound, I did not think that it would have been so tight, but they were completely refused. The applicants more or less said that they would have nothing more to do with the programme because it was tied up in bureaucracy and red tape; they were not even interested in reapplying.

Here are people in rural areas seeking to start up a small business to make a living and employ perhaps one, two or three employees in future. And yet and all, it was as if they got a kick in the teeth because of the difficulties that they encountered in the programme. If people are to buy into the programme, there must be more flexibility. I have experience of that inflexibility through applications by two or three younger people for farm diversification.

Mrs Keegan:

Was it a farm diversification issue?

Mr Buchanan:

Yes.

Mrs Keegan:

If the local action groups did not explain the refusal, I would be surprised. They are usually very good at that.

Mr Buchanan:

No reason was given; it was simply that they were not successful, point blank.

Mrs Keegan:

That is not the way in which the local action groups normally deal with people because they are made up of local people. Usually, they go out to talk to people and explain the reasons.

On your main point, £28 million worth of applications in the wings are going through, and there is £36 million out there, so many applications are being successful. I do not know about the ones to which you referred. Perhaps they were not eligible or could not get match funding. Do you know whether there was an issue of match funding?

Mr Buchanan:

No. Match funding was not a difficulty.

Mrs Keegan:

Perhaps they were not eligible.

Mr Buchanan:

Match funding was not a problem in any of the cases.

Mr Evans:

If those people are involved in farm diversification, the first thing that I would say to them is that DARD has a core of rural advisers who go out and work with people. They will take them to the point of having a business plan. With many projects that come forward, people think that they have a good idea, and, at face value, it looks like a good idea. However, the core that runs through the programme is sustainability. The last thing that we want is to fund someone who, maybe a year down the line, starts struggling. Ultimately, because it is European funding, we would have to pursue clawback, and the individual would end up in a terrible situation. An economic appraisal is at the heart of everything.

Without knowing the specifics of the cases, it is hard to know what happened. However, if you get me the details of the three that you mentioned, I am quite content to have a look at them for you and come back with a detailed answer. If they are farm diversification projects, tell those people to contact their local DARD rural adviser who will take them through the process. We

have great examples of farm diversification projects, some of which involved young people, which have been taken right through with the help of DARD advisers. That has worked well, and the programme has complemented their work by providing grant aid through the local action groups.

Mrs Keegan:

There is also the diversification challenge programme run by the College of Agriculture, Food and Rural Enterprise.

Mr Buchanan:

I arranged meetings prior to the applications being submitted. The projects are not unsustainable because those folk have been running their businesses for the past two, three or four years. They are sustainable into the future, but the individuals were turned down point blank, with the result that they said that they would not bother with the programme again.

Mr Evans:

The letter to people who are turned down states that everyone has the right of review. They can come in and discuss with the LAG where they went wrong and where the weaknesses were in their proposal. I recommend that anyone who does not get through the process takes that opportunity to discuss it. From my perspective as a programme manager, the last thing that I want is for people to walk away because they are disheartened. I would far rather that people, having looked at what was not right and what needed strengthened, would work with DARD rural advisers to tighten up their application and have another go.

Mrs Dobson:

In your submission on the farm modernisation programme, you say:

“The first two Tranches (T1 and T2) of the programme were extremely popular, heavily oversubscribed and attracted adverse publicity and criticism”.

I welcome the fact that the previous Minister announced that tranche 3 would be implemented.

Will changes be made to the application process? Is an overhaul needed?

Mrs Keegan:

We are waiting for the results of some of the equality considerations in tranche 2 and, indeed,

tranche 1. Over the next number of months, the Department will discuss with the industry what the criteria will be for tranche 3. There will certainly be an opportunity for stakeholders to comment.

The Chairperson:

I thank members for their questions and the panel for their answers. It is good to see you at our first meeting, and we look forward to working with you over the next few months and years.

Mrs Keegan:

We do, too.

The Chairperson:

Thank you for your answers. As you can see, it is a very important issue to members.

Mrs Keegan:

Yes, we were regular attenders during the previous mandate, and we expect this mandate to be the same. That is fine.