



Northern Ireland
Assembly

Committee for Agriculture and Rural
Development

OFFICIAL REPORT (Hansard)

Common Agricultural Policy Reform:
Farmers from Severely Disadvantaged Areas

18 March 2014

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Paul Frew (Chairperson)
Mr Joe Byrne (Deputy Chairperson)
Mr Thomas Buchanan
Mr William Irwin
Mr Declan McAleer
Miss Michelle McIlveen
Mr Oliver McMullan
Mr Ian Milne
Mr Robin Swann

Witnesses:

Mr Edward Adamson	Farmers from Severely Disadvantaged Areas
Mr John Blaney	Farmers from Severely Disadvantaged Areas
Mr Ian Buchanan	Farmers from Severely Disadvantaged Areas
Mr Peter Gallagher	Farmers from Severely Disadvantaged Areas
Mr Paul McEvoy	Farmers from Severely Disadvantaged Areas
Mr Nigel McLoughlin	Farmers from Severely Disadvantaged Areas
Mr Oisín Murnion	Farmers from Severely Disadvantaged Areas
Mr Joe Parker	Farmers from Severely Disadvantaged Areas
Mr John Sheridan	Farmers from Severely Disadvantaged Areas

The Chairperson: Gentlemen, you are very welcome to the Committee. I welcome to the table — I hope I get this right — Oisín Murnion, Nigel McLoughlin, Peter Gallagher, Joe Parker and Edward Adamson. I know that you have other members at the back. John Blaney, are you coming over here, too? You have an extended panel here, so I cannot have all of you answering every question. I will leave it up to you to decide who answers the question. Do you have a presentation?

Mr Peter Gallagher (Farmers from Severely Disadvantaged Areas): We have.

The Chairperson: Five minutes, and then we will then go straight into questions.

Mr Gallagher: First, thank you for making this forum available to us today and for giving us the opportunity to prove to you that a single region and a fast transition are the only sensible options for the greater good of Northern Ireland agriculture and the wider Northern Ireland economy.

How have we come to be here today? As you will know, we are the severely disadvantaged areas (SDA) group. It was established by Joe Parker, John Sheridan and me as a direct result of a presidential meeting in Enniskillen by the Ulster Farmers' Union (UFU). To be honest, we were

treated with nothing short of contempt because we highlighted failings in the proposals being put forward by the UFU. A subsequent meeting was held in Derrygonnelly, and we were overwhelmed by the support locally and much further afield. We were approached daily with words of encouragement for our work, and we have provided a medium for other very good existing organisations to work much more closely under our umbrella, including the National Sheep Association (NSA), the National Beef Association (NBA), South Down Hill Farmers Association, the Highlands Framers Group and Belfast Hills Partnership, many of whom are represented here today. With the support of all those groups and our own ever-growing support, and a number of other groups, such as the Antrim SDA, starting to form, I hope that it is clear that, despite the accusations of others, we are far from being a small minority splinter group. As you will be aware, many of the current leading political parties throughout this Province and the world over started from very humble beginnings. As they say, from small acorns grow mighty oaks. For the people who forced us to come together to prevent the farmers of the marginal lands from becoming second-class citizens to call on the decision-makers and politicians to ignore a voice that represents, at a modest estimate, 50% of the farming community of Northern Ireland, absolutely beggars belief.

The UFU is out of step on this issue. It has clearly become so detached from the farmer on the ground that its most recent defence of its policy is a personal scathing attack on the SDA group and its members. We are disappointed by that tactic and at being shunned by the media.

I will now hand you over to Edward, who will give a wee presentation on the sheep industry.

Mr Edward Adamson (Farmers from Severely Disadvantaged Areas): Thank you, Peter. Thank you to all the members here today. I am the Northern Ireland manager of the National Sheep Association, which is a national organisation with nine regions throughout the UK. The sheep industry may be small in Northern Ireland, but we have plenty of excellence in it. In the commercial sector, we have had a UK sheep farmer of the year and many others in the top three. Our young shepherds have also won UK young shepherd competitions and are regularly placed in the top three. We have had a good representation in European competitions. The first world competition was last year, and we had representatives at that in New Zealand. In the pedigree world, our breeders are gaining top prizes and many awards throughout the UK. I suggest that the Northern Ireland sheep industry is one to be proud of and encouraged, not ignored.

My primary reason for being here today is to represent the Northern Ireland sheep industry. We have members in the lowlands, the disadvantaged areas (DA) and the SDA. The majority, although, I admit, not all, support the single-region model. We understand and sympathise with the beef industry over the disastrous situation in which it finds itself at present. The proposed two-region model is supposed to alleviate some of the problems it has and increase payments to all those with the greatest production in lowland and DA. DARD's latest figures show that, to compensate cattle farmers in the SDA for their lower payments in the proposed two-region model, a coupled beef calf payment is being suggested. To fund that payment, a 5% siphon is required on all receiving single farm payments. That means that a payment of 5% is required. That means that only the sheep sector in the SDA would receive less in the two-region model compared with the single-region model. It appears that the two-region model is a strategy to reduce payments to sheep farmers in the SDA in Northern Ireland. Unfortunately, that 5% siphon also nullifies any gain that lowland and DA farmers would have had over the single region, leaving insignificant differences to the amount of payments they receive, whichever model is chosen. The major difference would be in the amount of bureaucracy required to administer the proposed two-region model and the increased risk of mistakes for farmers.

If we look at the history of payments to the sheep sector and go back to the 1990s, direct support to the sheep industry was always smaller than that to the cattle sector. That meant that, when the hybrid model using part historical payments was introduced in CAP 1, sheep support was still lower than cattle sector support. Is it any wonder that the sheep sector is not going to be the winner this time? It has never received a fair deal.

If I may, I will ask you a question at this time. You might like to answer it later. If I kept sheep on a hectare of land in the period 2000-2002 and you kept suckler cows on a neighbouring hectare, is it fair that you will receive three to four times more payment than I would, regardless of what you are doing today?

I have tried to avoid using too many figures, as they can be carefully selected to suit the argument being put forward. That has created the present confusion. However, I will use one statistic that no one can deny. At their peak, Northern Ireland breeding ewe numbers were 1.2 million, and they have

now fallen to the present figure of 850,000. That is a drop of 30%. I am sure that I do not have to tell you why numbers have fallen so dramatically.

We hear the argument that moneys should follow production to the more productive areas. However, if those areas are more productive, why can they not generate greater income rather than rely on financial support? Maybe this would be an appropriate time to remind ourselves of the objective of the CAP reform. I quote from the European Commission's overview of the CAP reform 2014-2020:

"The new policy ... moving from product to producer support and now to a more land-based approach. This is in response to the challenges facing the sector, many of which are driven by factors that are external to agriculture.

These have been identified as economic (including food security and globalisation, a declining rate of productivity growth, price volatility, pressures on production costs due to high input prices and the deteriorating position of farmers in the food supply chain), environmental (relating to resource efficiency, soil and water quality and threats to habitats and biodiversity) and territorial (where rural areas are faced with demographic, economic and social developments including depopulation and relocation of businesses).

Since the role of the CAP is to provide a policy framework that supports and encourages producers to address these challenges while remaining coherent with other EU policies, this translates into three long-term CAP objectives: viable food production".

Maybe I could suggest that if we can find money in pillar 2 rather than making payments for inefficient production, we should target payments towards efficiency measures to try to make our industry more viable, things such as animal health plans and better soil and grassland management to make the industry more efficient.

The second long-term objective is:

"sustainable management of natural resources and climate action".

Is it not probable that those natural resources are more likely to be found in the SDA areas?

The third objective is "balanced territorial development." Would a single region and equal payments in all regions not lead to a more balanced territorial development?

I think that we would be wise to remember the European Commission's objectives and incorporate them in any decisions that we make.

The Chairperson: Thank you very much. You went over your time. However, I know that it is a very important issue, so I allowed that. I am going straight into questions, because some members are pressured for time, as it is coming up to Question Time.

Mr Byrne: I welcome the delegation. It is good that we afford an opportunity to the SDA group of farmers to make their case. With regard to the historic hybrid system of 2005, what is the average single farm payment to the lowland farmer at the moment and what is the average single farm payment to the SDA farmer at the moment? Secondly, given that there is a consensus among you guys about a single region, what is the view about the period of transition, bearing in mind that the default position in August, if there is no agreement, is a single flat rate and implementation in year one?

The Chairperson: As there are so many of you, I ask you to turn the microphone to face you when you speak. Thank you.

Mr John Blaney (Farmers from Severely Disadvantaged Areas): To be honest, Joe, with regard to your first question, I do not have the figures to hand. Income tables that DARD produced earlier in November indicate that hill farms are losing, on average, £6,000 before they receive any direct support, whereas the DA and the lowland farms do make profit before they receive direct support. Unfortunately, I do not have the figures to hand at the moment.

The Chairperson: Joe Byrne's second point was about the default position, the flat rate. Is that right, Joe?

Mr Byrne: And the period of transition. What is the consensus among the SDA farmers about a period of transition, bearing in mind that, if there is no agreement between the Minister and her Executive colleagues and Europe before the end of July, the default position comes in, which is a single flat-rate payment and immediate implementation?

Mr Gallagher: The last thing that we, as a group, want to see is the decision going back to Brussels, where we will be described, basically, as a crowd of spoiled children who have been unable to agree. That is not how Northern Ireland as a whole should see itself, nor should the Government see it as such. All of that having been said, even within our own group, we would have difficulty in agreeing a best fit for everyone, and that is where the difficulty in this lies. The question whether it should be a one-region or two-region model is an absolute no-brainer; there is only one fit, and I have yet to hear a good argument for two or any other number of regions.

On the transition, as a group, we agree that there is no reason to let this go past 2019 without being full-way. We have men who would put fair pressure on us to achieve a flat rate in the morning.

Mr Adamson: I will go back to Joe's question about payments. The following is copied from DARD's figures: per hectare, the SDA region is €303, the DA €389 and the lowland €405. We do not have the lump sums, but they could be worked out from the DARD figures.

The Chairperson: OK. Will you repeat those figures?

Mr Adamson: Per hectare, for SDA it is €303, for DA €389 and for lowland €405.

Mr Nigel McLoughlin (Farmers from Severely Disadvantaged Areas): On those figures, drawdown does not necessarily reflect origin. Of suckler calves sold from hill farms, 70% were sold clean-eared at point of first punch. So, there was a skew in drawdown of payments if we went down historical model of, as it were, following the meal lorry — the guy who fed the most meal to cattle. At that stage, sheep farmers were getting roughly a quarter of the money per livestock unit that the beef sector was, so there was an inequality there.

Within the proposal of the three regions, there were more variations in each region than between the regions. To draw a line on it, we cannot see any justification for the single-region model, because it will seriously disadvantage farmers who collated historical entitlements and SDA regions or higher regions, through whatever means or mechanisms.

Going forward to transition, 2005 was cold turkey, particularly for many sheep farmers. A lot of them have not got over that. I do not think that it would necessarily be good to see that replicated. Yet, at the same time, little view is given to continuing payments at that historical element past 2019. So, it is going to be somewhere between 2015 and 2019, and it will then be down to you to make the best decision on that, going forward.

Mr Byrne: Have you had formal discussions with the Minister and with DARD, and, if so, how are those going?

Mr Oisín Murnion (Farmers from Severely Disadvantaged Areas): Would you ask the question again, Mr Byrne?

Mr Byrne: Have you had formal discussions with the Minister and with DARD, and, if so, how are those going at the moment?

Mr Gallagher: Yes, we have had a meeting. We have aired our views very much as we have here. As regards ongoing discussions, we are continuously updating them on what we are doing and what we hope to achieve.

Mr McAleer: I will be brief because I have to run straight out. I want to ask about your representativeness. I noted from some of the commentary in the press that there is some suggestion that you are a splinter group that is splitting the farming group and being used as a political football and all that sort of stuff. I want to get a sense of how representative you are. You are obviously very passionate about what you believe in, but the Committee was briefed by the officials last week, and the point made to us by senior officials was that, between a single-region model or a two-region model for lowland agriculture, there is only 0.2% and 0.4% of a difference. There is really no difference to

lowland agriculture at all, and the dual-model scheme would be very complex. That is what we have heard from the Department. Can you give us a sense of how representative you are and dispel or address some of the commentary that we have all seen in the papers?

Mr Gallagher: I am highly insulted by a lot of the comments that are flying about. As I said in my opening remarks, it is regrettable that the Ulster Farmers' Union is taking the tack that it is with us. We have not gone out to cause anybody any harm or anything else. My involvement in this was at the presidential meeting in Enniskillen, when we were nothing short of insulted by some of the proposals that came out. Also, to turn around and put forward the suggestion that the SDA as a whole is unproductive, again, is very insulting to the very many hard-working farmers who are carving a living out of the SDA.

As for the inclusivity of the entire group, we are totally cross-community. We are not affiliated with anybody, and we never have been. We have stated that clearly from the very start, and we have worked very hard to ensure that that is the way that we will go forward. We will take support from anywhere that we can, because we have our objectives to achieve and we will do that through whatever means we feel best. If anyone wants to take the opportunity to come down and visit us in Fermanagh, where our heartland is, we have no problem in bringing them round and showing them the sort of inclusivity that we have.

Mr Murnion: If I can add to that, the National Beef Association (NBA) supports a single-region model, and many of the issues that the SDA group has raised are things that it supports. NBA is a UK-wide organisation. In Northern Ireland, it is a six-county organisation, not a two-county organisation. In Northern Ireland, we find 132,000 suckler cows in the hill area, 69,000 suckler cows in the lowlands and 80,000 in the DA. Almost half of the suckler cows, just shy of 100,000, are found in the SDA. We must support those cows and their owners equally. That is where we find ourselves: aligned with this group's views.

Mr Irwin: I declare an interest as a lowland farmer. The Agri-Food Strategy Board's report, 'Going for Growth' in Northern Ireland, seems, on the face of it, to support a two-region model. Do you believe that it is wrong on that?

Mr Gallagher: We would have a lot of misgivings about 'Going for Growth'. If you are familiar with it, page 12 states that:

"The entire chain must ensure that each partner is working towards the same goal delivering a product that meets...the marketplace."

That, in theory, is absolutely lovely. In reality, that statement shows a lack of understanding of the beef industry and the suckler cow industry. That, to me in my ignorance, says that we must produce a beef product that the market demands on the day it demands it. However, if there was any understanding of how a suckler cow works and how a herd of suckler cows is developed, the best you will achieve there is creating that product eight or nine years after it has been demanded.

We have seen this happen since bull beef was the major trend, E and U grades only. A lot of farmers went down that route and are now left with bulls that they cannot get quotes for. The latest phase now seems to be Hereford beef, which is starting to run into similar problems, five, six or seven years down the line, where men have adopted their systems to meet that. So, on that principle alone, we have issues with the whole policy going forward there.

What we see as a more realistic way is to allow the areas that can produce a quality product with a green, clean image and take that top-quality world-renowned product and develop the markets for it, rather than trying to meet fads, which we cannot achieve in the short term.

Mr John Sheridan (Farmers from Severely Disadvantaged Areas): The Agri-Food Strategy Board does not mention profit. Profit is not mentioned anywhere along the line. Profitability means sustainability. There was no SDA representation on the Agri-Food Strategy Board whatsoever, yet SDA accounts for over 44% of Northern Ireland. One of the report's recommendations is that:

"AFBI/DARD/Northern Ireland Environment Agency and industry must develop an economically viable model for sustainable production, delivering on improved on-farm profitability from more efficient use of resources".

Surely, the bulk of that resource will come from the 75% marginal area that Northern Ireland is. If you want to grow production, that is the way; you use that 75% marginal area, give it a little tweak and, all of a sudden, hey, you are producing. The Agri-Food Strategy Board will not deliver on its aspirations if it thinks that 30% of Northern Ireland will produce all of that produce.

Mr Adamson: The danger with the Going for Growth strategy for farmers is that it is the farmer, as far as I can see, who will have to make the most investment. He may get financial support. However, he will actually be paying money and making investments. As we have seen in the past few weeks, if he produces more and there is plenty of product out there, the price falls. It goes back to sustainability. If we invest money, we want to get payback. We are not sure that we will.

Mr Irwin: Do you know whether any other regions of the UK have regionalised models? I am not sure, but I think that they do.

Mr Sheridan: In what areas?

Mr Irwin: Do they have regionalised models in other areas of the United Kingdom?

Mr Sheridan: Yes; actually, Britain or England — mainland England — had regionalised models. They are amalgamating their regionalised models now. They are matching together upland and lowland models. They are staying with moorland models and converging the other two.

I would also like to say in response to your question about the Agri-Food Strategy Board, William — Peter mentioned it on Hereford cattle here — that everybody talks about a clean, green image. That is what comes out of marginal areas — a clean, green image. Yet, in a lot of cases, the beef is coming off slats and being sold on our clean, green image. Whether we talk about traditional beef cattle being reared in a sustainable way off our farms, some major processors are already going in and mass producing Aberdeen Angus beef, which you could really call corn-fed Aberdeen Angus beef. So, will we find ourselves in a situation later down the road where we have grass-fed Aberdeen Angus beef and corn-fed Aberdeen Angus beef and will the housewife know or really care which it is? There is a debate coming on here, which goes back to that recommendation as to what the Agri-Food Strategy Board ought to do about sustainable production in marginal areas.

The Chairperson: John, could I ask you just to clarify what page that is on?

Mr Sheridan: It is on page 36. I was quoting directly from the first of the recommendations in the top left-hand corner of that page.

Mr Irwin: I am aware that the Republic of Ireland has a suckler welfare scheme, and I think that Scotland has a beef premium scheme or a beef bull premium scheme or something like that. What is your view on that as an aid to SDA farmers?

Mr Gallagher: We have a serious problem with it being just for SDA farmers. We have no issue with a payment, provided that it is equal across the board for everyone in Northern Ireland. Starting to pigeonhole it into one section is one of the main issues that we would have with the two-tier system. If there is to be something, it should be equally spread across the board for everyone to avail themselves of.

Mr Adamson: One of the problems is that this money would have to come from pillar 2. As I understand it, the moneys will be given for income forgone or costs incurred. That means that, no matter which of those two it is, there is a cost to the farmer, and he will only get back what he has spent or money that he has not got. The only gain might be that they do things more efficiently, but it is not a financial prop. Farmers will have to do things to get it. They may be more efficient at the end of it.

Mr T Buchanan: Thank you. Some of the things that I wanted to ask about have been touched on. You talk about wide representation, and I appreciate that you have that here today. What about sheep farmers in the DA areas? Are they represented in your group?

Mr Adamson: We have members of the National Sheep Association in all areas. Most sheep farmers, if they are sheep-only farmers, will gain whatever happens, as they have not historically had big amounts of direct support. They will gain no matter what, but those in lowlands and DAs might

gain slightly more. As I said earlier, if there is a coupled payment, the 5% siphon will reduce it back to where we were.

In our organisation, we have a large majority in favour of a single-region model. However, not all of them are; some see it differently. Also, a lot of farms are sheep and cattle farms, and the cattle side will have generated larger payments. Everybody is influenced by the amount of the payments. There will not be much difference between a two-region model or a single-region model; the bigger difference for them will come in the transition period.

Mr T Buchanan: Earlier, you talked about the transition and said that you were not sure whether it should come in by 2015, although you felt that it should be in by 2019. If that were to happen, how do you see the suckler man being protected, without him dying off and going out of business?

Mr Sheridan: Sorry, can you come across that again please, Tom?

Mr T Buchanan: How do you see the suckler man being protected?

Mr Sheridan: I want to go back to Willie Irwin's question and your question on the DA and touch on the sheep for a second. The high-hill sheep sector has virtually disappeared due to a lack of profitability, a lack of market and a lack of stratification. They used to supply the lowlands and the DAs with stock for breeding.

Over the past 10 years, the number of suckler cows in the North of Ireland has increased to around 280,000. The market was starting to bring more people in to produce. The better welfare scheme and the better breeding scheme that Southern Ireland brought in saw them producing bulls up to 500 kg and those guys were getting on very well. Now, they do not want those 500 kg bulls. The number of suckler cows in Northern Ireland has managed to stay steady, even through the spring of 2013. The marketplace is the most important thing to keep those suckler cows there. In 2005, we were getting about £540 for a suckler cow between extensification and punching moneys etc and were still not making a profit. The number of cows in Scotland has gone down, even though they had a calf scheme. The number of British mainland cows went up, and there was no coupled scheme at all.

Willie, the welfare scheme that you spoke about is over now. A new one may come in, but they did not have the money to finance it. A genome scheme is coming in for suckler cow production in Southern Ireland. Through it, farmers will get €60 a head, and random farmers will be asked by the Department there to provide 33% of the DNA of the cattle to prove the sires and that they used either AI or bred sires.

There is no other coupled scheme in the South. You should not forget that the flat rate in the South is around €230. In Northern Ireland, the flat rate is around €330. So, one could argue that Northern Ireland could carry a million more suckler cows with a subsidy of £100 each because of the difference between the flat rate in ROI and Northern Ireland.

Mr Adamson: I would remind you of what has happened to the sheep industry. It has dropped by 30%. When there is no profit, men have to get out.

Mr Swann: Thanks, gentlemen. A presentation that we received a couple of weeks ago referred to there being a lot of misinformation out there. How would you address that?

Mr Gallagher: First, we are appalled that such misinformation is being thrown out about us. I assume that they were referring to the figures that we quoted at the meeting in Derrygonnelly. The figure that was thrown out was £100.

To clarify, what we stated at that meeting was that, should the two-tier system that is proposed by the UFU come into effect, someone in the SDA region would be £100 worse off than his lowland neighbour. Those are the exact figures, and John will take you through the conversion from euros.

Mr Blaney: Under a single-region model, all regions would receive an average of €329 per hectare. Those are DARD's figures. Under the two-region model, the SDA would receive €263 per hectare. That is a loss of €66 per hectare for the SDA region. If you total that money over the land hectareage and move it across to the rest of Northern Ireland, that raises the rest of Northern Ireland from €329

per hectare to €379 per hectare, an increase of some €50. That would bring about a differential between the SDA and the rest of Northern Ireland of €116 per hectare.

Mr Gallagher: If you convert it to sterling, it is £100 per hectare. We have a copy of the —

Mr Sheridan: I have a copy of the flyer that went around in Fermanagh for the meeting at Derrygonnelly. It basically states that there is a danger of losing £100 a hectare. That is not blatant misinformation. The difference between €379 and €263 is €116. Multiplied by €0.8360, which is what our single farm payment was calculated at, that comes to £100 per hectare of a difference. I presume that that was some of the supposed blatant misinformation or what was taken as blatant misinformation. It was not blatant misinformation. Those are the maths and figures are figures.

As far as blatant misinformation goes, we have been accused, in the marginal areas, of not being able to come up to the mark and deliver the growth that the Agri-Food Strategy Board needs. I find that appalling. I would also have to call into question what you have been told in the Committee. You have been told that the LFA and ANC moneys should be supplementary payments to us, yet we have been told repeatedly by the Department that ANC and LFACA moneys recognise areas of natural constraint and hardship and are made over and above the basic single payment that comes from pillar 1. You have also been told that environmental payments are an additional benefit to us. Well, I have to say that environmental payments are paid on the basis of income forgone. They are paid to us because we have to adhere to a certain way of management of our land and habitats. So, it is income forgone. It is not extra, and the LFA and ANC are not extra.

Mr Adamson: The problem with this whole debate is that so many figures are involved. I do not want to go into those figures. Both sides, maybe, but the union is not squeaky clean in selecting figures to suit its own agenda. You know the story about statistics. It is just how you pick them, and there are so many out there. This is not the time to go into it, but I can talk to you afterwards if you want.

Mr Swann: Is the SDA a single-issue group?

Mr Sheridan: Certainly not.

Mr Gallagher: Certainly not. In fairness, we probably started out as a single-issue group, but we quickly realised that there was a massive void and a large body of people who, without getting too personal about it, have been absolutely ignored for years and pushed to one side. We have main bodies representing the farming community that for whatever reason seem to be distracted by other issues and are not just stepping up to the table in the way that we would expect them to.

Mr Swann: Questions have been asked about your representation. Are you members of the Ulster Farmers' Union?

Mr Sheridan: I am.

Mr Adamson: I am, and I have been County Antrim chairman.

Mr Sheridan: Most of us are.

The Chairperson: OK.

Mr Sheridan: Sorry, Paul, one more thing in relation to blatant misinformation — I have a sheet here, and we will print it out for you on a template so that everybody has it. That is what we put down as being the most important points in Fermanagh. At the bottom of it is a box for any other comments. They were told at the beginning of the meeting that they could change any letter, word, sentence, paragraph; whatever they wished. As you can see, that happened on different templates in the consultation process.

Mr Gallagher: That is recorded in the media. 'The Impartial Reporter' has it recorded.

Mr Sheridan: Correct. So how dare we go out to give blatant misinformation. As far as we are concerned, we consider this nearly like a court of law in that we have to stand behind what we say. So, I will give each and every one of you this. There is no blatant misinformation. It was done under

the scrutiny of the head of policy for the Department of Agriculture, Norman Fulton, and Alison Cranney. It was completely democratic. Anybody could change it in whatever way they liked.

Mr Milne: Robin covered part of the point that I wanted to make, but I want to follow up on it. I feel that the tone of the meeting is that it is the UFU and yourselves and this battle is going on. Surely it has not happened over just CAP reform. Have there been underlying currents for quite some time? Have you felt that you have not been represented or considered by the UFU and that this is the situation that we have today?

Mr Gallagher: There is no personal issue with anyone. I hope that it is not coming across like that. The scathing attacks that were launched on us recently by the UFU are probably creating that tone, and that is unfortunate because it distracts from what we are out to achieve. We would far rather be sitting here alongside the UFU and all preaching the same thing, but that is not the way it is going to be, by the sounds of it, which is unfortunate. It is probably hard to put your finger on whether we, as a group, felt that there was a need before this, but this is certainly the catalyst that brought us here together. There are probably men better able to answer that than me.

Mr Murnion: I think that the UFU finds itself in a bit of a corner at the moment by being the only farming organisation in Northern Ireland supporting a dual region. It is screaming like rats in a corner.

Mr Adamson: From the NSA point of view, we have been here for quite a while and we have nearly always — I cannot say 100% — been in agreement with the union policy. We have consulted each other, and we worked with them on, for example, matters involving sheep. We never had any problems in the past.

Mr T Buchanan: Chair, may I come in for a moment on the same issue?

The Chairperson: I will go round the table again.

Mr Sheridan: One of the problems here, as far as that question goes, is that our one hill farming committee in the Ulster Farmers' Union speaks for SDA and DA. Both are represented on a single committee. SDA and DA cover 75% of Northern Ireland but are represented on only one committee of a 14-committee decision-making executive within UFU, which is a huge problem. We have an environmental committee, which was raised forth out of the nitrates action plan (NAP). The hill farming committee finds itself in a position in which it is not the lead in agrienvironment schemes, yet most of those schemes are within its remit. As far as designated areas are concerned, we find that representation is coming through the environmental committee, but there is not enough input and feedback from the real stakeholder — the hill farming committee. More cross-fertilisation is needed, and that is sort of what has been happening. Over the past three years, the debate has brought that more to the fore.

The Chairperson: I will go round the table again, but I ask members to be succinct and ask one question. Could we have one person answering please? We are stuck for time.

Mr Byrne: Apologies for having to nip out. Maybe this issue has been covered. The farming structure in Northern Ireland is really made up of family-based farm enterprises or businesses, so would a family-based farm business be better enhanced by a single-region or a two-region model?

Mr Gallagher: It would certainly be better enhanced by a single-region model. That is our argument. It spreads money fairly among all farmers, regardless of where they are, and removes the unfair advantage that the lowland farmer would have under the proposed two-region system. If younger farmers were on an equal footing with everyone else in the region, they would be more encouraged to farm in an SDA.

The Chairperson: May I come in on that point? I am aware that I have not asked any questions yet. The Deputy Chairperson asked a very pointed or specific question. It has been portrayed in media circles and by others that, really, this is about SDA looking after SDA, if I can put it bluntly. I know that I am going on Ulster Farmers' Union models and figures, but the UFU states that, if you go with a single region, there will be an 87% increase in SDA sheep and a 7.8% increase in SDA cattle. Other figures are 40% for lowland dairy; 32% for dairy DA; and 21% for pigs and poultry. Right across the farming spectrum, there is a large gain or a large fall.

You talked about the historical arguments, but all businesses are based on the here and now. Any massive divergence could well upset business plans and, in turn, hurt the capacity for some businesses to grow or even survive. No matter what the historical argument was and what discrimination there was, there is this massive change. The argument is that, under the two-region model, in most cases, if not all sectors, that would be moderated. Then, through support mechanisms for the likes of SDA cattle and sheep, they would be able to assist and significantly moderate. Is SDA looking right across the spectrum?

Mr Gallagher: Certainly. We are looking for fair play for all. DARD has done a much better job of dispelling the myth of the massive shift of money that has been referred to than we ever could. DARD studied the figures, issued a press release and proved beyond all reasonable doubt that the shift is nowhere near as large as is being publicised in other sources. That takes care of the massive shift of money that has been referred to.

To be honest, the additional support is, at the moment, just pie in the sky. There is not even any clarity on how that will take place or where. It has been suggested that we would end up with two suckler cow premiums: one that will apply to everybody in Northern Ireland: and one that will apply only to SDAs. Both schemes would be up for review every year and be liable to budget constraints. The reality of that situation is that, on the one that is just for SDAs, we will be told very quickly, "Sorry boys, you are getting two, and we do not have the money for two. We will just keep the one for everybody in Northern Ireland". We would come off as the loser very quickly in that scenario. It adds a serious amount of extra admin on the Department's side, which it has proved will be of no real benefit. So, for the overall scheme, I have yet to hear a good argument for there being any benefit in a two-region system.

Mr Adamson: As I understand it, the UFU model is based on the end of the transition period, which it suggests is 10 years. However, there will be another review in 2019. So we will never get to the union position that you quoted. The figures that you quoted are for 2024, if we get there, but we will have a review in 2019. We will not get to 2024.

Mr Irwin: What would you say to those who argue that the big winners in a single-region model will be the large hill farmers who, in essence, do not really produce a lot?

Mr Murnion: How many large hill farmers are there in the farming structure in Northern Ireland?

Mr Irwin: I am not too sure.

Mr Murnion: I assume, given the manner in which the farms were set up in this country historically — how they eventually arrived as part of the population shift from Britain etc — that about 35 or 40 large hill farmers in Northern Ireland would be the height of it.

Mr Gallagher: I will follow up on Oisín's point: are we getting to the stage at which we write policies to suit or benefit the very small minorities? The last time, the massive winners were men who had stacked payments and so on, and they have benefited for 10 years. We cannot go down the line of writing a policy just to exclude large farm owners.

Mr Blaney: May I interject with a quote from the 'Overview of CAP Reform 2014-2020'? It states:

"Past reforms have led to step changes in the CAP and this one is no exception. It represents another milestone in the CAP's history placing the joint provision of public and private goods at the core of policy. Farmers should be rewarded for the services they deliver to the wider public, such as landscapes, farmland biodiversity, climate stability even though they have no market value."

Therefore, they introduced the new policy instrument of greening. They are saying that the large areas on the hills contribute an awful lot in biodiversity and other environmental aspects and that those benefits and producing livestock should be equally rewarded.

Mr T Buchanan: There seems to be a fair difference in thinking between you and the Ulster Farmers' Union on a number of issues. Have you sat down with members of the Ulster Farmers' Union to discuss the issues and the differences between their proposals and yours? As we move into the CAP reform, it is imperative that we get as much agreement as we can across the board.

Mr Sheridan: We held a meeting of the hill farming committee about a fortnight ago, but, because of lambing and calving, the next meeting will not take place until 26 April. There is a modem within the UFU executive. Its vice-chair gave a report from the hill farming committee at the last executive meeting, and another is coming up on 26 March. At the moment, it is difficult to have sensible discussions because we are treated as though it is unacceptable to raise our voice. We are treated, to an extent, as pariahs. There seems to be no meeting of the waters at all. We have two different concepts.

Mr T Buchanan: Leaving aside the committees, I have no doubt that the main people in the Ulster Farmers' Union would, if asked, accommodate a meeting. Has no request been made to meet them on this issue, where the differences appear to be so great?

Mr Sheridan: We have not asked. We met them to discuss the beef issue, which we want to bring up here, Tom. Joe and Peter attended a meeting that was called in light of the potentially illegal beef impositions that the Northern Ireland Meat Exporters Association (NIMEA) is threatening to impose. We are all farmers, and I do not know why we cannot work together. However, we are entitled to have a voice. This is a free and democratic country. I am a member of many associations: the National Beef Association, the National Sheep Association, the Heather Trust and several others. I feel that I have an input into those associations, as everybody is entitled to have. If this is supposed to be from the bottom up, it should be seen to work from the bottom up.

Mr T Buchanan: We are not denying anybody a voice, but, where there is a difference, it is good to talk. That is all that I was trying to tease out.

Mr Gallagher: We have no issue with meeting anyone. In fact, we would welcome the opportunity to meet others and have tried to do that from day one.

Mr Irwin: I have been looking at the figures. Cattle and sheep farmers in a DA would lose 23.8% under the single-region model and 15.3% under the two-region model. Under the single-region model, lowland cattle and sheep farmers would lose 28.7% and, under the two-region model, 19%. So all those in both DA and lowland areas would be 9% or 10% worse off. How would you explain the effects of the single-region model to farmers in both sectors?

The Chairperson: Are those the figures from the Ulster Farmers' Union?

Mr Irwin: I think so, yes.

Mr Blaney: Historically, that goes back to what we said earlier about the clean-eared calves coming out of the hills. The money raised by those calves at first punch was moved to the lowlands in the rest of Northern Ireland. Under this single-region model, a lot of that money was repatriated to the hills.

Mr Murnion: At one stage, Norman Fulton highlighted the high level of payment to lowland DAs. I asked him how that had come about, given that the number of farmers and the amount of land that they had in those areas could not have finished the cattle. He said that they were paper acres, so I asked him whether he could investigate where those paper acres came from. He said, "No, that is illegal. That would open a nest of illegalities and fraud." In fact, payments in many of those areas are based on fraud. The paper acres came from the hills: the guys who sold all the cattle as clean-eared bullocks sold their paper acres to the lowland farmers who punched the cattle, but the Department refused to look at that.

Mr Irwin: It is dangerous to make allegations such as that in a public arena. We have no evidence.

Mr Murnion: I put it to Norman Fulton and to Mark McLean, and their answer was that researching it would unearth a lot of illegalities, so they were not going there.

Mr Adamson: I go back to what I originally said: the figures probably reflect what the result would be in 2024. In 2019, we would be only halfway there, and, if it is a 10-year transition, we will probably never get there. Once again, where you take your figures from is an issue: we need to look at the 2019 figures rather than those for 2024.

The Chairperson: I will have to leave it there. We are already 15 minutes over our time.

Mr McMullan: Thomas asked about inviting the Ulster Farmers' Union to a meeting. It was invited to and spoke at meetings in Larne and Carnlough that were arranged by SDA members. There has been ongoing dialogue between the SDAs and the UFU. Indeed, I organised two meetings and issued an open invitation to the UFU.

Mr Joe Parker (Farmers from Severely Disadvantaged Areas): Sorry, Chair, I would like to read you just one paragraph on the current beef issue and take a few moments to highlight the proposed cuts.

The Chairperson: I will give you a few moments, but make sure that you keep it short. We are pushed for time.

Mr Parker: I will bring you up to date on the proceedings. The word on the ground is that the factories are going ahead with their penalties on 1 April. We attended a meeting with NIMEA, which was hosted by the UFU, and, to be honest, statements in the press that the meeting was frustrating and uninformative summed up our feelings exactly. After all the hype of the meeting, it has now gone quiet, and we have yet to see a response from many of the items in the media. We are horrified by some of the statements made on the day and the misinformation presented. When Gill Gallagher asked for clarification on where our beef was being sold, they were unable to answer. The graphs that they provided conveniently left out the Scottish beef price and also proved to be incorrect under scrutiny. Phelim O'Neill stated to me that, should the beef price in Europe increase, these proposed cuts will no longer be required. On one hand, we are being told that the supermarkets need these rules because the housewife insists on them, yet, if beef prices in Europe increase, the housewife will no longer have such requirements. I will call for a vote of no confidence in NIMEA. Its arguments do not hold water.

The Chairperson: We will have to leave it there, gentlemen, because we are pushed for time. We are speaking to the auctioneers straight after this session, so I am sure that they will have time, as you have had, to put their point of view across. Thank you very much for your attendance today. It has been very informative.