



Northern Ireland
Assembly

Committee for Agriculture and Rural
Development

OFFICIAL REPORT (Hansard)

Going for Growth: Agri-Food Strategy Board and
Department of Agriculture and Rural Development

14 October 2014

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr William Irwin (Chairperson)
Mr Joe Byrne (Deputy Chairperson)
Mr Sydney Anderson
Mr Thomas Buchanan
Mrs Jo-Anne Dobson
Mr Tom Elliott
Mr Kieran McCarthy
Mr Oliver McMullan
Mr Ian Milne
Mr Edwin Poots

Witnesses:

Mr Tony O'Neill	Agri-Food Strategy Board
Mr Dan Cartland	Department of Agriculture and Rural Development
Mrs Colette McMaster	Department of Agriculture and Rural Development

The Chairperson (Mr Irwin): I welcome Tony O'Neill, the chair of the Agri-Food Strategy Board (AFSB), Colette McMaster, an assistant secretary in the Department of Agriculture and Rural Development (DARD), and Dan Cartland, a deputy principal in the Department. We received a short one-page paper from you. I ask you to take a few minutes to update and brief the Committee, and we will then take questions.

Mrs Colette McMaster (Department of Agriculture and Rural Development): Perhaps it would be useful for me to start on foot of the paper that we sent. We simply wanted to give the Committee a short list of the key actions that had been progressed, pending the Executive's agreement of the response to Going for Growth. That explains what the paper is. Some 10 actions were drawn out for you, and I suppose that those were the key actions that fall to DARD. The first of those is the draft rural development programme (RDP) 2014-2020, which we will present on to the Committee later. Of the 81 recommendations that are addressed to government, DARD is leading on 38. The rural development programme picks up on 14 of those actions, so a substantial number of the responses from DARD are incorporated in the rural development programme.

We also flagged up other things that have already happened, such as the deferral of the introduction of charges for export health certificates for meat and dairy products and the opening of Singapore markets to Northern Ireland beef. We also mention the programme of visits by Ministers to key markets to continue to seek to open those up. The Minister has recently appointed the TB strategic partnership, and members of that chair its meeting.

The Department has also increased the number of DARD-funded postgraduates and launched the research challenge fund. We have a DARD-funded contact point at the Agri-Food and Biosciences Institute (AFBI), who is there to assist researchers and businesses to make applications to the Horizon 2020 research funding programme. As you will be aware, DARD also opened a third tranche of the manure efficiency technology scheme earlier this year and has been working with the Department of Enterprise, Trade and Investment (DETI) and Invest NI to launch a loan scheme to support the sustainable use of poultry litter.

At the outset, I want to explain that those are not all the DARD actions, but that will give you a flavour of the progress that we have made to date.

Mr Tony O'Neill (Agri-Food Strategy Board): Thank you for inviting us, Chairman. I suppose that I have to congratulate you for sitting there.

The Chairperson (Mr Irwin): Thank you.

Mr T O'Neill: Hopefully, that means that I have more friends on that side of the table than I usually have. Jo-Anne is on my right and, hopefully, Edwin is on my left.

Mrs Dobson: Be worried, Tony.

Mr Poots: Do not count your chickens before they hatch. *[Laughter.]*

Mr T O'Neill: I have continuity with Sydney, and we were with him this morning. I want to make a few comments before we open the meeting up to discussion. I have to apologise. I am getting a flight this afternoon, so I may end up having to run away if the conversation gets difficult. I will select that as the session goes on.

It is some time since I last met the Committee, so it is good to get back in the room and talk to you. You are clearly aware that the agrifood sector continues to grow, and last year we recorded about 7% growth year-on-year. We have continued to grow and be successful throughout these times. The strength of our products and the offering we make are clearly recognised by the success of Northern Ireland companies in the Great Taste Awards, and 99 Northern Ireland companies secured 264 awards in the most recent round. We continue to be successful and, in many cases, are punching above our weight, as that represents much more success in a region than any of the other regions in the UK on a relative scale. So we continue to be successful.

That is not to say that everything in the sector is rosy, and we continue to fight for sustainable competitiveness in our industry. We have all seen the volatility of different sectors over the past year. The retail trade is very volatile at the minute, and everybody is very aware of the rise and fall of some of the retailers and the difficulties they are going through. Those changes bring pressure to the sector. If you remember, the last time we met I talked about volatility. We are in a very volatile time but, equally, with that volatility, we see many signs of success and growth in our industry.

The key theme running through Going for Growth is of a sustainable, joined-up supply chain from farms to processors to the retail industry, and we can see some signs of progress with that journey in many areas. You will all be aware that, in June, the Minister of Enterprise, Trade and Investment and the Minister of Agriculture and Rural Development announced that the Executive had accepted our core recommendation of the farm business improvement scheme and said that they would support the programme with £250 million of capital investment in our farm businesses. Whilst it clearly took a long time to get there, it is nonetheless a success that we are now in that place.

Over the past 12 months, we have continued to develop some of our activities in the Agri-Food Strategy Board. It does not meet only on an annual basis. We meet regularly and continue to make progress on a lot of the detailed schemes. I have been involved in a number of the schemes, including the marketing activity that we described as part of our key recommendations.

The farm business improvement scheme will be delivered through the draft rural development programme. DARD and the different Departments are working on the detail of how to make that happen.

The Agri-Food Strategy Board is scheduled to remain in place until early 2015. I think that it is now time to put it on the table that we need to consider extending that remit and keep the board in position

to continue to drive the actions that are emerging from Going for Growth beyond early 2015. We have lost a fair amount of time in getting to where we are, and, in many ways, we have lost 15 or 18 months of our programme timetable in delivering Going for Growth and getting Executive approval for it. By the way, that has now been done. I have no doubt that it will cause trouble for some people, but that has been signed off by Ministers in the past few days, and I expect that you will get formal copies, probably within the next 24 hours. The programme is now fully developed and officially accepted by all the Departments, and it is time to drive some of the actions through. It is incumbent on us to keep the Agri-Food Strategy Board in place to make sure that that happens.

I appreciate that we are in pretty difficult budgetary times, and I make the point very firmly that that is even more reason why the Executive should support the agrifood industry. We will clearly need increased economic activity in Northern Ireland in the coming years to offset some of the changes between the public and private sectors. It will be critical to generate jobs to keep our people employed, and the agrifood sector clearly offers many opportunities to do that at all levels from normal people to rocket scientists. It is even more important to keep the focus on delivering the Executive's commitment to the agrifood sector.

Chairman, it is back to you.

The Chairperson (Mr Irwin): Thank you very much. You touched on several sectors. You will be aware that the beef and dairy sectors have seen a lot of volatility. Prices have dipped and seem to be dipping further. Farmers need to be profitable in the future. Can you see any way of creating a situation in which farmers can get a more level playing field and in which prices are more stable?

Mr T O'Neill: It is very difficult to give you a simple answer to that. We have talked about the volatility in the market. We have said clearly that a core principle of the Agri-Food Strategy Board recommendations is that we need a sustainable supply chain. The farmer has to survive, as well as the processor. We have seen gains in some sectors. The last time I was here, I was ambushed on the price of beef, but the price of beef today is clearly linked to the fact that I have joined the beef sector. We now have the highest beef price that we have ever seen. It is strong and getting better. The poultry sector has seen significant success in the past 18 months to two years. Whilst there is volatility, there are clear signs of progress in many sectors. At the moment, dairy is down, but I suspect that it will bounce back fairly quickly. We can see long-term growth in all sectors, but it is the classic heart attack curve: it is up and down, but the trend is always up.

The Chairperson (Mr Irwin): There is a farm business improvement scheme of £250 million. There is a limit on each application of £250,000 in grant aid. Do you have any concerns that, with that £250,000 level, a small number of farms or businesses could gobble up the lot?

Mr T O'Neill: I come at that from the other side. I think that opportunities will come along, at whatever size, and, as a principle, I believe that we should not have caps. We have had many discussions about caps being used as a mechanism to spread the budget over many applications. I think that projects will come forward on merit and should be judged on merit, without caps. Fundamentally, if there are big projects, there are big opportunities and big job creation opportunities, and those should stand on merit. Frankly, I do not believe that we should have caps. That is one of my major issues. Northern Ireland invents limits that it does not need to do, whilst we trade in Wales and Scotland, where they do not put caps on. We should never accept that Northern Ireland should be disadvantaged against our competitive set. That is our position.

The Chairperson (Mr Irwin): I fully understand where you are coming from, but there is a limited budget, and that is where I am coming from. I see a difficulty in that there is the possibility that a small number of farms could gobble up the lot.

Mr T O'Neill: I understand that. We need a scheme that is smart and flexible enough that we protect both ends. However, as I said, we should not put anti-competitive measures in place. We are in a very competitive situation. We all think that we are brothers, but Wales and Scotland want to beat us, never mind the fact that Southern Ireland has competitive programmes as well. We should not, as policy, put limits on. We may find that we have to put operational limits in place, depending on what conditions apply to us, but we should start with a broad spectrum and then focus on what I consider to be focused investment.

Mr Byrne: Welcome to Tony and the team.

The agreement between the two Ministers was crucial. You mentioned the fact that we have lost out on 15 to 18 months of lead-in time. In your opinion, Tony, what are the major constraints at the moment in trying to realise the necessary outcomes of economic growth and expansion relating to the amount of investment that will be put in?

Mr T O'Neill: Two things are happening. I remind you of Moy Park's investment in processing. There are pretty progressive companies that are willing to continue to invest in processing capabilities. Our farm base has not kept up with the part of the argument that I have always had, and the Moy Park situation was growing poultry houses to allow us to grow more birds. We currently see the same constraint on red meat in Northern Ireland. We are not generating enough red meat to keep up with processing capability and demand.

The farm business improvement programme is critical to me, and one of my frustrations is that, because it is linked to the RDP programme, it will be another year before we can see that happening, which is unfortunate. We should be seeing that action on the ground now.

Mr Byrne: This is a small region with small regional banks. Given that some of this investment will require co-match funding from the private business sector, are our banks fit for purpose to meet the needs and to realise this growth that we are hoping for?

Mr T O'Neill: It is a challenge. You are aware that one of our recommendations was for an agrifood loan scheme, which was targeted, let us say, to put a little bit of competition in with the banks. It is very difficult today to get significant funding from the banks without their asking for so much security and so low a risk that, frankly, they do not invest.

Using the agrifood loan scheme, we were able to trigger competition from the banks and were reasonably successful in doing that, but that needs to be used as a tool in our armoury to keep it going. In the Moy Park context, we brought in foreign banks. That is quite likely to continue in Northern Ireland, because the local banks are not sufficiently interested in investment.

Mr Byrne: How is the administration of the agrifood loan scheme working out for a farmer who seeks that sort of aid?

Mr T O'Neill: It has been more difficult than it was supposed to be.

Mr Byrne: Has it been more difficult than was necessary?

Mr T O'Neill: Yes.

Mrs Dobson: I suppose I may declare from the start that my husband is a beef and cereal farmer. Tony, I thank you for your briefing.

You said that significant progress has been made, although I note that we have only a single-sheet briefing on that progress. By way of background, I hosted a group of young farmers here last Wednesday night. During a question-and-answer session, I asked them for their opinion of Going for Growth. They stared at me blankly. They had not heard about it. When I explained it to them, they thought that it was a Stormont document that had little relevance to them as young farmers and the future of our industry. What more could you do to reassure those farmers of the benefits of the action plan? They did not know about it and feel detached from it.

In your briefing, you spoke about the sustainable supply chain. As you know, I asked you a question at the launch of 'Going for Growth' in the Stormont Hotel — I think that it was the first question that morning — and you told me that it is a processor-led action plan. Is that still the case, and where do you see the role of the farmer in the plan?

Mr T O'Neill: There are three parts to that question. The issue of engagement with young farmers is interesting. I do not know the answer to that. I will take that away with me and talk to some of my colleagues.

I have briefed — that sounds a bit formal — but I have spoken at a number of young farmer events, including the annual Harper Ireland dinner. I had significant feedback, and young farmers were asking me whether they could do this, that and the other. So I have done some of that, but I would not claim

that we have covered every young farmer. I will talk to the Young Farmers' Clubs to see how much more engagement we can have with them.

Mrs Dobson: I am happy to share the details of the quite large group that I had.

Mr T O'Neill: I must admit that that is a very valid comment. It is probably an age thing. I thought that I was doing well talking to the Farmers' Union. We have made a lot of progress in joining up with the Farmers' Union, but I will take that offline and talk to the Farmers' Union about how we can move that down into the Young Farmers' Clubs.

As for progress, I would say — I have said it more times than people are comfortable with — that we have taken too long to get to where we are today. We have lost a lot of time and momentum. We have made good progress in some areas but just not enough progress. We are now in a place where the "Why nots?" are behind us. That needs to be accepted, and we need to push on.

Mr Poots: You mentioned that you are now in the red meat sector. Everybody will no doubt be delighted to have a man of your stature in the red meat sector. There will be great anticipation and expectations as a consequence of that. The red meat sector has had its struggles and trials over the years. The past year has been difficult, and a lot of people have recorded fairly significant losses. That has been further compounded by the four-movement rule being introduced by the supermarkets and by the fact that animals that were born in the South of Ireland and fattened in Northern Ireland do not have a status that will allow them to be used in the supermarkets. It is some of the best cattle in the country, by the way, and some of the best beef that you can get. It is difficult to grow a sector against that backdrop. I know that there is concern in the sector that it is problematic to sustain all the existing meat plants with the level of activity that is taking place. The sector badly needs growth, or we will hit a fairly significant problem.

It might be slightly easier to grow the beef sector if the dairy sector is not as vibrant and strong, because there is always the temptation for people to move from one sector to the other. Do you have any thoughts on how we can take the beef sector forward? In recent days, you indicated that prices have gone up, and I see that the pound has weakened a bit this week, which will also help. How do we ensure, however, that, in a volatile global market, we can continue to grow the beef sector so that it does not become like the pig sector, where the volatility screened a lot of people out?

Mr T O'Neill: A key element of the Going for Growth plan was to link our dairy herd production to the beef sector. Bits of that are starting already. It is a method of adding value to the black-and-whites and to the beef sector to control the genetics that we are using to generate the dairy herd and to take cross-breeds from dairy to supply the beef sector. That brings us into a discussion about our starting to control genetics, starting to control the animals coming from the dairy herd into the beef sector and starting to control calving units and moving into grower and finishing units. I am sure that you are fully aware that we are already starting to move on some of those issues. So we have created some calving units. We have started to work with some of the dairy guys on the genetics and crosses that are coming from them. We are now starting to put pieces of the jigsaw together on lots of the things that we talked about. We see building that into the end-to-end supply chain as being at the core of the farm business improvement scheme. We can build physical calving units, because there are very limited calving units in Northern Ireland. The buildings and the farm structures are not there. We see those things as being part of the farm business improvement investment that starts to make viable units in the longer term. They must have a scale and a professionalism that allows them to generate the right product at the right price.

I have said it before — I do not think that you will be surprised to hear it — that there is no way that the beef sector can sustain 25,000 farmers. It probably needs 5,000 larger, efficient farms, but there is a role for smaller farmers in a different context. They are there, in many cases, to look after the land rather than to produce food in a competitive environment. Different parts of our agenda address the different parts of it. Over the next two years, we will see more and more of that taking place, which will drive more and more efficiency in the supply chain. Therefore, it will be a long-term competitive and sustainable industry.

Mr McMullan: Thank you for the presentation. It is interesting that we are talking about maybe moving from more farms to fewer farms and concentrating on that. When we talk about the financial market and borrowing money, it is interesting that you noted that the European banks supply funds, but it is very hard for the small man to get a fund from the European banks. The bigger ones can do that. If we are to grow the market here, the local banks, as you see, are not in favour of lending

money for expansion. That sort of catches your market here a little bit; it stifles production and expansion. Is there any way that we can encourage more of the European banks to come in here? I agree with you that that is the way to get other finance in here. At present, the financial institutions that we have here to help to fund expansion are not really working.

Mr T O'Neill: I do not want to be on a downer about the local banks. Lots of the banks work within their lines of authority. Most of our banks are now offshoots of banks based somewhere else, and decisions are usually made offshore. As I said, we have been successful in bringing other banks into Northern Ireland. It goes back to a point that Jo-Anne made earlier: a large part of the responsibility lies with the processors. The processors are the guys who can bring in the banks, but it has to be part of a joined-up plan to introduce and facilitate investment in farms as part of a joined-up programme. We, as industry and processors, can help with the banking, even in the farm base. It is a challenge for us to do that. We did that in Moy Park, and we are currently looking at how we do that in other sectors. It is a key bit that we have to bring to the party.

Mr McMullan: Do you see the beef sector probably going down the same road as the hen sector did, where the farmer was basically working for the producer in rearing the bird for the table and getting paid for doing that? Could that be a long-term thing for the smaller farmer to do?

Mr T O'Neill: That is the challenge. I do not know the answer to that. I am an expert of six weeks in the beef sector. I need to be very careful that I do not assume that everything is easy. It is never quite that easy. Nevertheless, it is the same fundamental: we have to pay farmers to be efficient, and we have to have a mechanic that encourages farmers to be efficient. That means that we have to change the way we deal with the red meat sector today in particular because it is so volatile. It is not good for anybody.

Mr Elliott: Thanks very much for the presentation, folks. I have a query on your report. I notice that you mention that, in the industry, approximately 47,000 people are employed in agriculture and 27,000 are employed in the agrifood industry in general. That brings you up to 74,000. You intend to increase that by 15,000, which, by my calculation, brings you up to 89,000. However, you say that, by 2020, it will be up at 115,000. There seems to be a difference.

Mr T O'Neill: There are closer to 100,000 in the supply chain today. Look at the supporting industries. When you consider all the Northern Ireland producers, every one of us has packaging suppliers, engineering suppliers and cleaning suppliers. Myriads of related service industries in the Northern Ireland economy are linked to us. So, we are closer to 100,000 jobs in total today.

Mr Elliott: So, your figures in your introduction are not accurate. Is that what you are saying?

Mr T O'Neill: That is only some of them is what I am saying. We are saying that the total base, including the retailers, is starting from 100,000 and going to 115,000.

Mr Elliott: Given the significant increase proposed in jobs, do you see fracking, a topic that is very relevantly talked about at the moment, playing any role in your increase in jobs?

Mr T O'Neill: It was not on the table when we put our thinking hats on about jobs. So, no, it did not major in our discussion.

Mr Elliott: Does it still not?

Mr T O'Neill: No. We do include, let us say, competitive energy sources. We do not get into where it comes from.

Mr Elliott: So, you do not see it forming part of your overall strategy.

Mr T O'Neill: It has not featured in our strategy. For instance, we have made a recommendation on gas for the west, which is now progressing.

Mr Elliott: What about gas from the west?

Mr T O'Neill: I could not possibly comment. I do not want to get into politics. I am an engineer, so I am driven by fact.

Mr Elliott: Seriously, Chair, I am just trying to get a handle on whether it would form any part of their proposals at any stage or whether it would come into any part of their thinking.

Mr T O'Neill: In fairness, it was not on the table when we went through this discussion. Our focus was on getting energy at a competitive price, so that is where we come from. As I said before, we continue in existence. We are still there, and we still debate whether our strategy needs changed or needs direction. So, no doubt, it will come up in discussion in the future.

Mr Byrne: I have a supplementary relating to two answers, one that you gave me and one that you gave Edwin. Tony, are you now saying that, to address the red meat sector moving forward and to utilise the processing capacity, you have to have calving units in very large numbers and, therefore, that the man who has the 20 to 40 suckler cows is inefficient and will not be able to provide?

Mr T O'Neill: I am saying that there is a range of answers to make this work. I do make a very clear distinction that there is a need to drive efficiency and intensification and then there is a place for many small farmers in Northern Ireland that, frankly, you could not make viable by paying them for their beef because they do not produce enough. It is a part-time job, and, in many ways, I see those people as the stewards of the land. Their reason for living is to look after the environment and to look after the land, not to compete in the world market on the price of beef. So, there are two different agendas as far as I am concerned. There is one that says that to live in a competitive environment, which we have to live in, we have to be very efficient, which brings scale into it. There is a different agenda that says that there is a role for smaller farmers to look after the land and look after the environment that we all appreciate. So, I think that there are two different agendas, and we should understand that.

Mr Byrne: Where are we in meaningfully, realistically and practically dealing with poultry litter, or do we want this to continue on an ad hoc process as a cheap fertiliser?

Mr T O'Neill: I am not a farmer, so I could not possibly comment on cheap fertiliser. I have changed my hat, but I can tell you that, a relatively short number of weeks ago, I signed a contract for the first major disposal of poultry litter in Northern Ireland. So, there are things happening today to address poultry litter that we have been waiting on for 10 years. Good things are happening, and there is good progress, but it will be probably 18 months before you see significant changes there. I signed contracts before I left Moy Park. The research project, sponsored by DARD and DETI, continues, and some of that is coming forward now as well. So, while I would not say that there are grounds for optimism, much more concrete things are happening now to address litter than have been in place these last 10 years.

Mrs Dobson: Tony, have you been given an assurance that the funding for Going for Growth will not be held up during the current funding problems at Stormont?

Mr T O'Neill: The direct answer is no. But I have clear support from both Ministers, and it is a priority for the Executive. So I do not see it being a problem or challenge. Our effort in the coming months will be to fight our corner. I will certainly be looking for support from the Committee to make sure that it is not allowed to deteriorate.

Mrs Dobson: But no assurance.

Mr T O'Neill: No assurance.

Mr Elliott: I have said here before that the processor makes their profit, the retailer makes their profit, and the farmer is left with what is left, whether that is profit or not. Will anything in the Going for Growth proposals safeguard the farmer so that they can ensure profitability, as opposed to just being left with what they get?

Mr T O'Neill: We have not said that there is a formula to guarantee that. To go back to my earlier comment about the farm business improvement scheme, we have said that we need to build new and different models to make the process viable for both the farmer and the processor. We need a different model. I have indicated, in a way, how I see that evolving with the beef side, because we can control the genetics, the calving, and the line to the processor, so that it is one formal supply chain. In

many ways, that means that contracts will have to be in place to make that happen, otherwise you cannot control it. As I said, I see that starting to evolve now. Our major effort will be how we focus that £250 million in the right places to get the right answer. You cannot simply take the £250 million investment and spread it among everybody. It has to be focused investment to get the right result.

Mr Elliott: You are thinking of some sort of contract process that goes right back to the farmer.

Mr T O'Neill: Yes.

Mr Poots: You commented that there are 25,000 farmers in Northern Ireland and that, to really be efficient, it would be much better to have 5,000, which is a bit of a contradiction. We have just been engaged in a process around how to make changes to the single farm payment. I see that as bringing more small farmers into play, because people who previously let their land now want to become active farmers. People here today are referring to growth and how we can ensure that we drive up what Northern Ireland sells for food and so forth, and yet other actions seem to contradict what you are saying.

Mr T O'Neill: As I said, I think that there are two different agendas. One is stewardship of the land. Go back to the fundamentals of the farm business improvement scheme. If we are going to invest £250 million in farms, we need to invest it in farms that are capable of growing, are growing and are being efficient. To me, the challenge in the coming two years is to devise a scheme that allows you to target your investment. You do not just say that it is available to all farmers and all they have to do is apply. In my mind, it has to be focused investment to drive farm sustainability and efficiency.

Mr Poots: Will part of that involve encouraging young people to take up farming or become much more advanced in farming?

Mr T O'Neill: Absolutely.

Mr Poots: Many young people are working part-time on farms.

Mr T O'Neill: There is preferential support for young farmers today. The more progressive farmers, if you like, tend to be the younger guys. That is not to say that it is exclusive to the younger guys, but certainly they are the future.

Mr McMullan: What is your view of the present Government's anti-Europe stance? If they get back in at the next election and take us out of Europe — that is what they would like to do — how will that affect farming here?

Mr T O'Neill: That is a very difficult question to answer. It is time for me to run for the aeroplane; I cannot speak any more. I would be concerned if we came out of Europe. I do not think that it is in our interest. I will leave it at that. It would be a huge step into the unknown and would introduce huge volatility that would probably damage us.

Mr Anderson: Thank you again, Tony. It seems a long time since this morning. *[Laughter.]* I want to refer to some of the questions that have been asked. You spoke to Edwin about devising a scheme for the £250 million. Will you elaborate on that? Is that tied into sizes or acreages of farm? We have talked about small farmers maybe coming back into play as a result of CAP and suchlike. What do you mean when you say that we need to devise a scheme to get that allocated in the proper manner?

Mr T O'Neill: We are still working on how to target the scheme. It is supposed to be for farms that are part of a supply chain, so it has to be part of a solution. Calf-rearing is a very simple example. You build farm buildings for calf-rearing as part of a contract to supply Dunbia, for instance. You are doing that as part of a supply chain, rather than building in speculation and finding somebody to buy your animals afterwards. There has to be some sort of a joined-up scheme, so that there is a structure, and not so that every farmer who wants to have a calf-rearing scheme can have one regardless. That would mean, with so many of them, no regulation in the marketplace and an oversupply of the product, which drives the prices down. It has to be in some sort of a structured environment that ensures that farmers get a sustainable income afterwards. It should not lead to a free market situation that will see their investments wasted. It is things like that.

Mr Anderson: We agree that it has to be structured in such a way that it is not driving prices off the edge. How will you get that in place? What is the timescale?

Mr T O'Neill: As I said before — maybe this is where Colette should step in — that will be part of the roll-out of the RDP at the back end of next year. Between now and then, the details of how to make that work will be worked up by the Department. It will say how it will make sure that the scheme meets the requirements of the agrifood strategy, so that it will not simply be £250 million spread over 25,000 farmers.

Mrs McMaster: I will come in on that. We have built the proposals for the farm business improvement scheme into the rural development programme 2014-2020. That is part of the draft programme that we will speak to you about shortly.

In the farm business improvement scheme, we have sought to reflect what the board has recommended in Going for Growth by providing support that will help to improve product competitiveness and productivity in food production. It will involve measures that will help to support increased efficiency, upskilling on farms, farm modernisation and a commitment to working as part of a supply chain partnership to improve performance. Those are all elements that we will build in as part of the design of the schemes.

It is not a single scheme; it is a collection or programme of schemes. There will be measures that support training, advice and working in cooperation with others, as well as the capital investment support that Tony has mentioned, which will be a substantial part of the £250 million. The whole thinking is that, before he decides to make the investment, the farmer will have thought very carefully about his own farm business and where he needs to be in the future. There will be training and advice to help a farmer think through those things before he embarks on the capital investment.

As a part of the basic eligibility condition for the capital investment element, we are proposing to ask applicants to have a business plan in order to demonstrate what their plan is for improvement on their farm. That will be part of the application for the capital investment. Overall, as a structure, it is being designed to help farmers to make the right decisions through that investment path.

We are working on that currently, and it is going in as part of the draft programme to the Commission, but we will continue to work up the detail of how that works and to prepare. It is all subject to Commission approval and business case approval, but, in parallel, we will be working up the detail of how those schemes would be launched and how we communicate that to farmers.

Mr Anderson: There is a lot of detail here, Colette. You talk about training for farmers. What level of training are farmers going to get for this? From what I can see, there is a lot of detail going forward. What support and level of training will be given?

Mrs McMaster: Perhaps we can talk to you about training in more detail at the next session. There is a whole measure in the rural development programme that covers knowledge transfer, innovation and cooperation. Within that, there will be a range of different measures. There will potentially be training under the measure "farm family key skills", which is training to help farmers and farm families to adapt to the changing needs of the industry, to assess the development needs of their business and to develop a business plan for their business, and so on. That is one element of it, but there is a range of others.

Mr Anderson: You are going on ahead, here, but OK.

Mr T O'Neill: You are going to get a full blast of this in the next session.

Mr Anderson: I have been getting it all day. *[Laughter.]*

Mr Poots: On this issue, will you be linking the farmers who will potentially be building some of these calf-rearing facilities to those who are engaged in a dairy genetics programme to improve the quality of beef? Is that part of it?

Mr T O'Neill: That is part of it, yes. There are two sides to it, but we have the genetics link in it as well. We think that that is a relatively fast programme.

Mr Poots: Is the genetics side compromising the milk production?

Mr T O'Neill: It should not. We have had discussions with experts in the room, so I am very careful that I do not step into that place, because there is always someone in the room who knows more about it than I do. However, there has been debate about simply taking 40% of the animals out of the dairy chain; that is, beef coming out of that side. There has been discussion about the need to continue to create the dairy herd — you know, prime stock. So there has been an element of just steaming calves out of the dairy herd, and then the replenishment of the dairy herd for milk production as a separate activity.

Mr Poots: The male calves are basically a by-product of the dairy business, and you believe that you can make them into an asset to it.

Mr T O'Neill: Absolutely. We have that in place already, but on a very small scale. It is a question of how to get the right answer and make it into a full-scale production technique.

The Chairperson (Mr Irwin): As a dairy farmer myself, I am aware that there are opportunities in that regard. That should absolutely be followed up.

Thank you for your presentation and your answers. Colette, you will be with us in a moment or two anyway. Tony, I wish you well in your new post, and I look forward to seeing improvements in that sector as well.

Mr T O'Neill: Thank you, Chair. I am learning a lot fast. It was much easier when I was looking at it from a distance. *[Laughter.]*