



Northern Ireland
Assembly

Committee for Agriculture and Rural
Development

OFFICIAL REPORT (Hansard)

Rural Development Programme 2014-2020:
DARD Briefing

1 July 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
Mrs Judith Cochrane
Mrs Jo-Anne Dobson
Mr William Irwin
Mr Declan McAleer
Miss Michelle McIlveen
Mr Oliver McMullan
Mr Ian Milne
Mr Robin Swann

Witnesses:

Mr Brian Ervine	Department of Agriculture and Rural Development
Mr Gareth Evans	Department of Agriculture and Rural Development
Mrs Lorraine Lynas	Department of Agriculture and Rural Development
Ms Elaine McCrory	Department of Agriculture and Rural Development
Mrs Colette McMaster	Department of Agriculture and Rural Development

The Chairperson: I welcome to the Committee Colette McMaster, grade 5 assistant secretary, Lorraine Lynas, grade 7 principal officer, Brian Ervine, grade 7 principal officer, Elaine McCrory, grade 7 principal officer, and Gareth Evans, grade 7 principal officer.

Members have had the opportunity to read your papers, so I ask you to take 10 minutes to brief the Committee on any additional information that you have. That could be a challenge, given the massive role of the rural development programme, but please keep to the 10 minutes because, as you will appreciate, the Minister is coming after you. Thank you very much for being here.

Mrs Colette McMaster (Department of Agriculture and Rural Development): Thank you for the opportunity to provide you with a further update on the development of the 2014-2020 rural development programme (RDP). Lorraine Lynas is leading on developing the new programme, Brian Ervine is from our environmental policy branch, Gareth Evans is from the rural development division and Elaine McCrory is from the food policy branch.

The paper that we sent the Committee is the first draft of the new rural development programme as of 16 June 2014. That document has been drafted in the format required by the EU Commission. It is a technical document that will be assessed by the EU Commission for admissibility and approval. The

structure and the required content of the rural development programme are set in the EU implementing legislation, the regulation.

The first section of the document is a factual description and analysis of the region. That is followed by the strengths, weaknesses, opportunities and threats section — the SWAT analysis — and following that is an identification of the needs.

Section 5 is important and sets out the justification of the strategy, the needs that have been prioritised and the measures selected. The programme structure is much less rigid in the next programme than in the current programme's axis structure.

The next programme offers more of a tailored approach. Member states select from a menu of measures in developing their programmes. That allows us to address the specific needs that have been identified in Northern Ireland.

The document provided today also details some of the measures that will be supported. A number of the other sections of the draft programme are being finalised, including the remaining measures, the finance plan, the indicator and valuation plan and the implementing structures.

In terms of our ongoing engagement with stakeholders about the draft programme, the RDP stakeholder consultation group considered the majority of the draft material provided for the Committee at its meetings on 3 April and 5 June. Both those meetings were constructive, and, as a result, minor changes have been made to the content of the individual measures. We propose to discuss the remaining draft programme material with the RDP stakeholder consultation group when it next meets on 30 July.

As regards the next steps, we will have the majority of the draft programme ready by the end of this week for sharing with the ex ante evaluators and on an informal basis with EU Commission officials. Informal discussion with the EU Commission commenced by video link on 6 June and is expected to continue throughout the summer. Depending on the outcome of those informal negotiations, it is expected that the programme will be formally submitted to the EU Commission in October. The Commission is required to provide an opinion within six months. I stress that the draft programme document will be subject to change during the informal and formal negotiations with the Commission.

As you are aware, last week the Minister announced that the Executive have agreed a proposed budget for the next rural development programme of up to £623 million. That is made up of approximately £186.5 million of EU funds, which will be matched pound for pound from the DARD budget, giving a total of £373 million. The current programme has a budget of approximately £540 million. The package of support agreed by the Executive for rural development includes additional funding of up to £250 million for a farm business improvement scheme. DARD will bring forward bids to the Executive for that additional funding for a scheme that will meet the Agri-Food Strategy Board's request in Going for Growth. The detail on how the budget will be allocated across the individual schemes in the next RDP will be available in the next few weeks.

The proposed farm business improvement scheme will be an important part of the next rural development programme and will include a portfolio of measures to support sustainable growth in the agrifood industry. The Committee has been provided with a short document that details the proposed structure of the farm business improvement scheme and the elements of the rural development programme that will contribute to the scheme.

The aims of the farm business improvement scheme align closely with the competitiveness strand of the rural development programme, and an enhanced RDP is therefore an appropriate vehicle for its delivery. We are happy to talk about the diagram that has been provided.

A clear need has been identified in the RDP for farmers to be provided with support to invest in their farm businesses and to improve their competitiveness. The farm business improvement scheme will provide support to help farmers increase farm production sustainably and to improve competitiveness by increasing efficiency, integrating the supply chain and adapting to market requirements. Capital investment support will be an important element of the scheme. Another important element will be support for training, sharing knowledge and learning new skills to ensure that the industry can benefit from the transfer of new innovative technologies and adapt to the changing needs of the industry.

At the heart of the farm business improvement scheme will be the business investment scheme. There is more detail about that scheme on pages 101 to 108 of the draft programme document. That

will be the main capital investment scheme in the next programme and will support a number of areas where capital investment is required, including the environmental farming scheme and the land management programme.

Officials are developing a strategic outline business case for the farm business improvement scheme, which will go to DFP for approval. The Executive have agreed that the budget of up to £623 million for the next RDP will include additional funding of up to £250 million for the proposed farm business improvement scheme. The amount of funding actually needed for that scheme and the bids that go forward will be subject to the industry uptake of the scheme.

As I explained earlier, the draft document presented today is a technical one that requires EU approval to access the EU allocation of £186.5 million. The present document is not in the format that will be used to communicate the content of the next RDP to potential applicants. As part of implementation planning for the next RDP, we will develop a communications strategy to explain the support available to potential applicants. That will include the development of a more user-friendly and more easily understood summary of the proposed programme.

In conclusion, the Department welcomes any comments from the Committee on the draft programme document. We are happy to answer any questions or provide further clarification. That is all I want to say at the moment.

The Chairperson: Thank you very much, Colette. Sorry, I put pressure on you for time, but I have just realised that we maybe have more time than we appreciated because of the timing of the Minister's arrival. Thank you very much again, and I apologise that I put pressure on you to finish up your presentation.

It is a very wide programme with a lot of detail and a massive amount of money to deliver on the ground through various focuses and schemes. We know that there will be six elements of the rural development programme. I know that the document is in draft form and still has to be negotiated and confirmed by Europe, but will you give us any indication of the levels of funding in each — I am not sure of the correct terminology; is it tranches or measures?

Mrs McMaster: So far, the Minister has indicated what the allocations will be across the three objectives: the competitiveness objective; the objective that deals with agrienvironment protection; and the rural development objective. Of the budget totalling up to £623 million, up to £287 million is to be allocated to the competitiveness objective. That is a significant increase on the amount allocated to competitiveness in the current programme and reflects the recommendation of the Agri-Food Strategy Board in its Going for Growth strategy that DARD should deliver a farm business improvement scheme. Some £256 million will be allocated to the protection of the environment. That will be delivered through support for an environmental farming scheme, a land management programme, an areas of natural constraint (ANC) scheme and forestry elements. Some £80 million of the programme budget is to be allocated to the rural development objective.

The information below that, at individual scheme level, is not yet available. We will be working on that over the coming weeks and expect that further information will be available in the next few weeks on the allocation of budget across individual schemes.

The Chairperson: OK. Thank you very much for that. Again, I appreciate the detail and the wide spectrum.

You talked about the agrienvironment element that will receive £256 million. That covers the fifth and sixth tranche out of the six. I am struggling to find the actual terminology. Is it measures?

Mrs McMaster: It is priorities.

The Chairperson: Sorry, that is a good word. Thank you. That is the one. So, the fifth and sixth priorities are basically the investment in forest area development and the agrienvironment climate.

Mrs McMaster: That is four and five.

One is knowledge transfer and innovation; two is farm competitiveness; three is food; four is broader biodiversity, including water and soil quality; five is resource efficiency; and six is the broader rural aspect. So, four and five are the two environmental priorities.

The Chairperson: OK. Within that, you have added ANC, which is now moving to pillar 2. Do we know how much that will be? I know that it will be slightly different from what it is now, but do we have a figure for how much it will be? That would obviously have to be taken off the £256 million.

Mrs McMaster: The funding is announced at this stage against objectives, so anything within that will come out of that objective allocation. The total for that agrienvironment area is £256 million.

The Minister announced an areas of natural constraints scheme in pillar 2 for the first two years of the next CAP period, so this is for 2016 and 2017. Then the scheme will be reviewed after that. The decisions taken on ANC are part of decisions taken on CAP reform pillar 1. As I am aware that is part of the agenda for the Committee's next item, further discussion with the Minister, if you have any further detailed questions on ANC, you should raise those, and my colleagues will answer them.

The Chairperson: OK, no problem. I remind members to keep to one question and a supplementary, and we will go around again.

Mrs Dobson: The Chair has already asked my first question. A follow-on from that would probably be that, alongside Tom Elliott MLA, I met with representatives from the Royal Society for the Protection of Birds (RSPB) yesterday morning. You will be aware of its response to the consultation and its views on agrienvironment schemes. Are you aware of any studies being conducted into the cost-effectiveness of past schemes and the financial benefits they can deliver for farmers?

Mrs McMaster: Jo-Anne, I will ask my colleague Brian to answer.

Mr Brian Ervine (Department of Agriculture and Rural Development): We commissioned the Agri-Food and Biosciences Institute (AFBI) to conduct a monitoring programme of the previous agrienvironment programme and the Northern Ireland countryside management scheme (NICMS), and that is concluded. In part of that, the RSPB did very useful work on farmland birds. Definitely, in that area, there was clear evidence that the scheme measures had been beneficial.

In terms of monitoring overall, it is difficult to fully monitor the impact of agrienvironment schemes, not just here but across Europe, because there are so many other environmental factors involved. Monitoring does not always come up with very clear results and outcomes. In the study that was conducted specifically on birds, however, there was good evidence.

Mrs Dobson: The yellowhammer scheme and others we undertook on our farm. Brian, I understand that a financial appraisal was undertaken by the Welsh Government. Are you aware of this?

Mr Ervine: I am aware as well that we ourselves conducted a business case appraisal for the previous programme and that we will be doing such for the next programme. It will be a significant piece of work, but no, I have not looked at the detail of the recent Welsh work.

Mrs Dobson: I'm sure that you intend to check it out.

Mr Ervine: We will be taking any lessons learned from that on board. On the general point, the whole control, monitoring and impact of agrienvironment schemes is something that the Commission now is very sensitive to as well because that followed on from a European Court of Auditors report on agrienvironment schemes across Europe. The UK schemes came out pretty well. None came out with a glowing report, I suppose, but the UK schemes were rated as some of the better schemes in Europe.

Mr Byrne: I welcome the presentation and the progress made since we last met. In terms of the ANCs and the mapping, when will the updated mapping exercise be completed, and what ramifications will that have for what were the old disadvantaged areas? Secondly, in relation to merging the agrienvironment schemes to meet our nitrate and phosphates objectives, is that going to be part of the funding for any capital improvements for the business improvement scheme?

Mrs McMaster: The ANCs and the mapping fall under the CAP pillar 1 decisions, which we are not in a position to give you information on at the moment. In the next session, I think we will have colleagues who may be able to talk in detail about that.

Mr Byrne: Will the mapping exercises centre on soil types or structures?

Mrs McMaster: It would be better for my colleagues from that area to deal with that question. I am not sure that anybody here can comment on that.

Mrs Lorraine Lynas (Department of Agriculture and Rural Development): The Commission has provided guidance on the redesignation, which will have to be followed. As Colette said, that is Norman Fulton's policy area, and, rather than bringing an extra person with us, we thought that, with him coming here for the next session, those questions would be better asked then.

There was another question.

Mr Irvine: Yes, about agrienvironment and water quality. Water quality is one of the four key objectives we have for agrienvironment, along with biodiversity, the protection of environmentally designated sites and the condition status of those. We have the water framework directive, and we have an overall objective for the agrienvironment climate, which involves carbon sequestration and climate adaptation and mitigation. We also want to create more woodland on farms in small stands of woodland.

On water quality specifically, anything in agrienvironment has to go beyond the minimum statutory requirement, which is the nitrates action programme. So, our measures will be focussed on the soft measures to improve the ecological and biological water quality and the ecological status. That is the main objective of the water framework directive.

Under the nitrates action programme, we have made good progress on the nutrients status — the chemical status — of water. However, not improving to the same extent is the ecological status. It is sort of static. Some of the things that are driving that are issues like sedimentation and invasive species and so on.

In the environmental farming scheme, the measures will be focussed on, for example, buffer strips alongside waterways and rivers. That has a number of benefits, including reducing sedimentation and nutrient run-off. There is a secondary benefit through the biodiversity and habitat in the buffer strips. A buffer strip is an area alongside the waterway that is unfertilised — as part of the nitrates action programme, you have to leave a certain distance back from the waterway when you are spreading manure or fertiliser — and uncultivated. It may be planted with some trees to create a habitat. Those sort of measures have a double benefit, not just for water but for biodiversity and habitat.

In relation to the capital grant, in the farm business improvement scheme, we envisage that, if somebody is building a new livestock house, part of that will involve the building of adequate manure and slurry storage. We will only be funding something that is compliant and has the necessary storage.

Mr Byrne: I appreciate that. Are we trying to meet our greenhouse gas emission objectives, or will that be a sort of silent objective?

Mr Irvine: We are trying to integrate the climate measures within the agrienvironment programme. That relates to the sequestration of carbon, planting woodland, planting buffer strips and planting hedges. The land management programme and nutrient efficiency scheme involve managing soil structure, pH status and nutrients better to improve the efficiency of fertilisers and manures. That has big benefits through reducing greenhouse gases, particularly nitrous oxide.

Mr McAleer: Colette, you said that the draft programme would be with the Commission in October. This may be difficult for you to answer, but is there any indication of when the programme will be open for applications?

Mrs McMaster: The Commission is required to give an opinion on a programme within six months of submission. While the time frame may be shorter than that, it is certainly required to give an opinion within the six months. If we submit the programme formally in October, we will hope to have approval by April 2015. In parallel to drafting the programme, we have work streams under way to prepare for implementation planning, so that we are ready to open the programme as soon as we have the approval.

This year, we are working on the possibility of some pilot schemes for the new programme. They will be subject to funding being made available this year, but we would like to be in a position to run some pilots. The purpose of those would be to help build momentum and to help prepare for making

applications when the programme is ready and approved. We are looking at a pilot programme that would be about preparing for growth, for example. It would be aimed at helping farmers take a broader view of the farm family vision and the farm family income, and it would look at what the best options might be for the farm family overall in the future. If someone decides that they want to be in a position to apply for capital investment under the next RDP, that programme will help them to prepare business plans or, if they are ready, *[Inaudible.]* when the RDP is in place.

We are also hoping to pilot, at an early stage, a business development knowledge transfer scheme. That scheme will be an important part of the farm business improvement scheme in the new programme. It is very much to do with peer learning with different groups, and it will provide training and mentoring support to farmers to help them develop business plans. The pilot work is subject to funding being made available in this current year, and if we are successful in getting that, there is some work that we would like to do already.

Mr McAleer: Has much consideration been given to the delivery mechanism for priority 6? I am aware, from the notes, that a minimum of 5% has to be delivered through LEADER. Has much consideration been given to the delivery mechanisms? I am aware that some people find the current programme a bit convoluted. Obviously, we will probably not have JCCs this time. Some groups felt it was quite bureaucratic. I know that some of these issues were raised during the consultation. Has anything been picked up from the current programme that might be factored into how the new programme might be delivered?

Mrs McMaster: I will bring Gareth in on this one. Yes, quite a lot of consideration has been given to how the current programme has run and how best to operate the priority 6 approach in the future.

Mr Gareth Evans (Department of Agriculture and Rural Development): One of the things that the Minister did early on was confirm that there will not be joint council committees in the next programme under LEADER. That is already out in the public domain. We have been working for two or three months to try to get together the various documentation — things like draft contracts and application forms. One of the major pieces of work that we started, which hopefully will come to conclusion in the next week or two, is a complete review of the operating rules. That was done in conjunction with the local action groups on the ground. That has gone very well; actually, it has gone a lot better than we thought it would. We are hoping to report back. We have a strategic forum, which is made of representatives from the joint council committee and LAG chairs and members, and we are hoping to report back to them by the start of July, maybe, but, if not, by the end of July. That will move forward. We have a slight advantage in that we have always known that LEADER was mandatory. So, unlike other parts of the programme which you may or may not have had to do, you always had to do LEADER. On that basis, we have been doing quite a lot of preparatory work.

Mr McMullan: Thank you for your presentation. You are going to increase woodland or forestry. Do you see that competing with the agriculture sector in any way, as far as land goes? We do not have the land mass that they have in other places. Where do we hope to get the land out of?

Mr Ervine: I will take that one on what we are trying to do on the environmental farming scheme, rather than on the wider forestry schemes. Research has shown us that farmers who are predisposed to, and keen on, planting some woodland on their farm are also farmers who tend to be in agrienvironment schemes. Therefore, the environmental farming scheme is a good mechanism to deliver that small-scale woodland on the farm.

I know the point that you are making: that farmers are reluctant to take good productive land out. This is about looking across the farm and asking, "Is there land there that would actually be suitable to plant trees on?" Rather than fighting with some land that may be a bit marginal, and that takes a lot of work to keep it in good agricultural and environmental condition and to keep it eligible — removing scrub and things — it might actually be a better and more pragmatic approach to just plant it in woodland. In the environmental farming scheme, we see that as small pockets of woodland on farm in suitable places and not really competing for good farmland, which farmers would be reluctant to plant trees on anyway.

Mr McMullan: Would that bring you up to the figure that you are hoping to get to?

Mr Ervine: No, it will be only a small contribution to that. It is about maximising the woodland on farmland where it is suitable to do so. It will not meet the overall forestry target, but it will help contribute to it.

Mr Irwin: I welcome the progress that has been made in recent times. It is certainly encouraging. In relation to the proposed £250 million for Going for Growth, will the Department work closely with the farmers' union and all agriculture stakeholders in identifying how this proposed scheme can best be targeted to deliver growth? It is very important that that is done. I would like an assurance, before the scheme is up and running, that every effort will be made to target the moneys to the best advantage of Going for Growth.

Mrs McMaster: Yes. We have been discussing the proposed scheme with our stakeholders and giving them the sort of information that we have provided to the Committee today on the proposed content and structure of the scheme. We have talked to the RDP stakeholder consultation group, which includes the farming representatives. We have also talked to the Agri-Food Strategy Board. The stakeholders are broadly content with, and supportive of, the proposed structure.

It is work in progress. We are continuing to develop the proposals for that scheme in discussion with our stakeholders. As I said, we will have a further stakeholder meeting on 30 July. We have been discussing with the Ulster Farmers' Union along with the other farming representatives. We are developing a strategic outline case for the farm business improvement scheme, which is a high-level stage before the business case. In doing that, we are looking at where the actual needs are identified across the farming sector. We are drawing on information that is being provided to us by the Agri-Food Strategy Board. We have also consulted the Ulster Farmers' Union on this. We are taking account of that, and we will seek to address the identified needs when we are actually putting the scheme together. The scheme is being drawn up on a generic basis. It is not a scheme that is designed to be targeted at one particular sector. It is a scheme that will be open to the farming sector broadly. However, in developing tranches or various elements of the scheme, there will be opportunities to prioritise particular sectors if there is an identified *[Inaudible.]* We will continue to work closely with stakeholders on this.

Mr Irwin: It is very important that there are structures, but nailing the thing down tighter is also very important. At this stage, are you proposing to deliver the scheme through rural development and through the LAG scheme as it stands?

Mrs McMaster: No, we are not. The delivery decisions on the programme broadly are still to be finalised. However, we see LEADER and the LAGs being primarily involved in the delivery of priority 6.

Mr Irwin: Yes, I was hoping that that was the case.

Mr Evans: I will take note of that. *[Laughter.]*

Mr Irwin: Any scheme must be farmer-friendly. I am told that there are other schemes in Scotland and elsewhere that work very well, and that is very important. We have seen some of the red tape and bureaucracy around some of the other schemes that can be very off-putting for farmers. I would encourage a farmer-friendly scheme that is workable and easily accessed.

Mrs McMaster: Absolutely, yes. We did stress in the opening remarks that, as it stands, this document is not farmer-friendly. However, we want to get to a place where, when we are preparing to launch this, there is an easily understood and accessible way of communicating to potential applicants what the programmes are about; that is very important.

The Chairperson: We can go around again, members; time is permitting us.

We look here and see a whole raft of initiatives and schemes. In a way, you have listened to the consultations and the lobbyists, as shown by the amount of knowledge transfer, advisory work in both a business and an environmental sense, farm exchange visits and general training. Those all seem to tick boxes, which probably excites us all. However, as with everything, it is about getting it down to the nitty-gritty and the implementation. Whilst this could mean all things to all people, what we do not need is for farmers to be handed a file or a folder with a lot of advisory notes in it. These are farmers and businesspeople who are very practical. How do you deliver and direct that knowledge to the hearts, minds and souls of the farming community and the agrifood businesses? On the flip side of that, for environmental purposes, how do you get that information down into the farming community so that they can put some of these very good programmes into practice?

Mrs McMaster: There is a lot of that still to be done in the delivery planning. Work is getting under way to go behind the detail of what is outlined there at high level. We are starting to look at those issues. We are looking at incentivising good practice in how we design the schemes. For example, there will be two tiers of entry to the business investment scheme. Tier 1 is the lower-level capital investment scheme, which will be for project costs between £5,000 and £30,000. Tier 2, which is the higher level of that scheme, is for project costs from £30,000 up to a maximum of £250,000. What we will be seeking from applicants to that higher level investment is that they have in place a business plan for their farm business. So, in advance of applying for that scheme, they will have thought through what way they want to use that and what the particular growth is that they want to achieve in their business. So we are seeking to do that from the beginning, from the application stage, and working through business development through knowledge transfer groups that we will be encouraging. They are very much to do with peer learning and, again, farmers learning from each other as well as from inputs that we can provide through training and so on. So, again, we are looking at ways of ensuring that knowledge transfer does apply and gets implemented. That is just one of the examples. We are thinking about that at each scheme: how best to have the entry to that and how to help that to be applied in practice.

The Chairperson: You mentioned that there are two tiers to the business investment scheme. The first tier is £5,000 to £30,000, and tier 2 is £30,000 to £250,000 project costs. In the consultation period, that was three tiers, so we have basically merged tier 2 and tier 3. There was a second tier that was £30,000 to £100,000. That begs a question: whilst I understand and recognise that there are different spectrums and capacities of farm businesses, which will need more investment or less investment in the future, is there a concern that some of the major players or the massive farms will apply and, if you like, hoover up a good lot the funding? That would mean that the farmers at the lower end of the scale, maybe below the £100,000 mark for investment, would end up losing out because of some of the big players coming in with massive projects, which eats up a lot of the money.

Mrs McMaster: We are looking at that and at how we will structure the funding within the schemes. As I have said, decisions are not available yet on how we will allocate the money across schemes and within schemes. We will be looking at money that is allocated between tiers and so on and how that money is made up. This is very much a scheme that is at the heart of the farm business improvement scheme, so this is the scheme where the Executive agreed that we could bid for up to £250 million. What we need to put into that scheme will depend on the demand from industry and also the money that is made available as a result of that demand. We are seeking to be able to offer a tier 1 and tier 2 so that money is not entirely used up. If it is available, it is not entirely used up in any particular part of it.

Mrs Lynas: We did have three tiers in the consultation, but part of that was because, at that time, we were going to do renewable energy, and the anaerobic digestion stuff would have come into the very larger tier. When that went, we realised that we were creating an artificial structure having the three tiers in it, so the top tier went. We did try to address the concerns of some stakeholders about too many people or a large amount of money going to one farm, and we said that we could not exceed £250,000 for any one application in total for an applicant to the scheme over the lifetime of the programme, as well, to try to make sure that that did not happen. That is the history, and the £5,000 to £30,000 is really to follow public procurement rules because you then get into public procurement above that, which is why those two tiers were chosen.

The Chairperson: Remind me — 40% funding on both those tiers?

Mrs Lynas: Yes, it is 40% on both those tiers, although we are doing an extra 10% for young farmers, and any project that is implemented through the European innovation partnership can also get an extra 10%. So, that is 50% for those two types.

The Chairperson: My initial point was about the advisory support schemes and the knowledge transfers. I will just take one for instance. On the environmental advisory support scheme, there is a paragraph on page 93 of the draft report that reads:

"The scheme will provide support for specially trained environmental advisors to provide specialist conservation advice to farmers and land managers on the management of environmentally designated sites, priority habitats & priority species."

That is a very good paragraph; it says a lot of good things. The scheme will provide support for specially trained environmental advisers. Who have you in mind, and what sort of specialist

conservation advice will there be? Is there any model out there that you are comparing with? Is there anything that is seen as best practice, or is this new to us? I have only plucked out the environmental advisory support scheme, but you could say the same for the business development through knowledge transfer, the farm family key skills, general training for scheme implementation, and the technology guidance innovation. You could say it for them all. Where will the specially trained environmental advisers come from?

Mrs Lynas: I will start, and then pass it over to Brian. I know that you said that it was just a paragraph within the document. We are trying to reach a balance with the European Commission with the document, because the more we put in, the more we tie ourselves down later on. This is a technical document, and we cannot change a word of it once it is agreed, without going through modification. We are trying to reach a balance of putting in enough detail to get the programme past the Commission and to leave it flexible enough should you then wish to change direction. I accept that, in some places, it looks like what does that do, what does it mean? It is the detail below that that matters once we start to go out and present it to stakeholders. There are a lot of cross-cutting elements to this, and knowledge transfer and innovation is cross-cutting. We have a diagram in there trying to explain how that all fits together. Brian is very keen to provide details of what we are intending with the environmental advisory scheme.

Mr Ervine: This is a very specific provision, and maybe I should deal with the bigger picture. This will not be the sole advice for an environmental farming scheme. We recognise that the last scheme was detailed and complex and there was not, perhaps, the necessary training, advice and support there. Therefore, an integrated and key part of the environmental farming scheme will be training and advice. That will depend on what level of the scheme farmers are in. If it is the targeted level, it will be very specific and there will be a management plan for their farm in many cases, particularly for designated sites. Therefore, the advice will be one to one. However, on the wider level, the advisers will be one to many farmers in the scheme. There will be group training, group activities and advice, because we recognise that we need to make sure that farmers understand the measures and the requirements of them in the scheme and how to best implement them. That is on the broader scale. The specific advice is very much tailored to designated sites, and there may be expertise there in the wider environmental sector for niche — that would be the way to describe it — issues. That is what that is aimed at, so that we have provision in there to do that should that be necessary.

The Chairperson: I take the point, Lorraine, about trying to get the thing through Europe, so you have all my sympathies with that one.

Mr Buchanan: How will the new programme help to overcome some of the ongoing difficulties that are still in the rural areas regarding rural broadband? The farming community are being asked to do their applications online and so forth, yet access to rural broadband is still a huge issue in a lot of rural areas. How will this programme help to overcome those difficulties?

Mrs McMaster: I will start off and probably bring in my colleagues. There is an element of that in what we propose to do under priority 6, which will provide support for rural broadband. There has been an existing programme and, in the future, there will be an element of that. We will work on that with DETI, which takes the lead on broadband. Perhaps Gareth will come in.

Mr Evans: We are rolling out the Northern Ireland broadband improvement project with DETI. The Minister agreed to put £5 million into the overall package of £19 million. On the back of the programme, under basic services, we intend to target small, isolated areas where we hope to get better penetration. The bigger schemes tend to work outwards, and there is nothing that comes from the outside in. The broadband fund is a small one in under priority 6, but we intend to target more remote areas, involve communities and groups of farmers etc to try to bring them together to get critical mass and to develop broadband schemes around that.

Mr Buchanan: Is work ongoing to get that structure in place so that it can be rolled out?

Mr Evans: Until we see what is left untouched after the outworkings of the current Northern Ireland broadband project investment, it is hard to start work straight away. The intention is to work closely with local authorities, a number of which have done quite detailed studies of their areas, highlighting black spots and not spots. We hope to liaise with them and local communities to try to put the funding on the ground.

Mr Buchanan: When do you anticipate seeing the outworkings of what is already in place so that you can target what is missing?

Mr Evans: All the DARD funding will be invested by 31 March 2015. By the end of next year, we will have a good idea of what is left. Other DETI initiatives are also going on, but ours is particular in that we want to target small areas in which, until now, a fixed-wire connection has been uneconomical. However, there are alternatives.

Mrs McMaster: Perhaps Lorraine will wish to come in on that.

Mrs Lynas: Above the EU programmes partnership agreement, there is UK partnership agreement, in which there is a Northern Ireland chapter. That also covers the ERDF and the ESF. The ERDF programme does not address broadband issues, so we were left to put a small amount of money towards rural broadband. One of the 11 thematic objectives under the partnership agreement is about addressing ICT.

The Commission has looked at the first draft of that partnership agreement, and the Directorate General for Regional Policy (DG REGIO) is very unhappy about its support for our broadband because it has not come up as a country-specific recommendation. As far as it is concerned, the UK has adequate broadband coverage. So, we have moved broadband out of that thematic objective and put it under basic services and village renewal. What we will do in broadband will be more about social inclusion, poverty and basic services; they will be smaller projects because we will not get approval for large-scale ones. The EU has stated that the money that we intended to put against that would not be sufficient to address anything strategically. That is under negotiation. It is not just happening to DARD; DEFRA and Wales are being put under pressure over the same thematic objective. We will get formal feedback on the partnership agreement within the next week or two. So, I have put it under basic services and village renewal, and we will present it to the Commission as being more about social inclusion and looking at small, community-led projects to address places where there are connection difficulties.

Mrs Dobson: How would an announcement of financial support for the Going for Growth strategy affect the rural development programme? The Chair touched on this: will you explain the decision on the merger of tiers 2 and 3 of the business investment scheme, which will leave only two tiers? I think that you have largely covered that, but was there not a previous indication from the Department that funding at each of the proposed three tiers could be ring-fenced? Has that now been ditched?

Mrs McMaster: I will start with your first question. We will be able to include a full farm business improvement scheme in the RDP. Our funding from the European Commission is £187.5 million and within DARD's own resources it can commit to match-fund that money, but a combination of those elements would not be sufficient to enable the Department to deliver a farm business improvement scheme as requested by the board. So, the objective in the RDP on farm competitiveness is being addressed by the funding that will be made available for the farm business improvement scheme.

Mrs Dobson: The Chair spoke about the merger of tiers 2 and 3. There are only two tiers now, and you touched on that. That was ring-fenced. Why was that ditched for the third tier?

Mrs Lynas: I do not think that we have ditched it. We said in our response to the consultation — in response to the farming industry being concerned about too much money going — that we would consider ring-fencing budgets. We have not, however, ditched anything at this stage because we still have to announce the budgets and how they will be managed. If we were to ring-fence, it would not be included in this document, because that would tie us down too much. It would be decided internally, depending on whether we make successful bids to the Executive or DFP for the funding for the scheme and when that will open. Maybe that will determine the time frame for spending the money, because a bigger scheme will take a lot more planning. A scheme up to £30,000 on a reference pricing could be opened more quickly. Many of those decisions will sit beneath the programme document as such and will not be taken until we get the budget sorted out.

Mrs Dobson: Essentially, was it to have been ring-fenced?

Mrs Lynas: The consultation document stated that we would consider ring-fencing. We have not said that we will not do that. We have to work through the details of the schemes.

The Chairperson: You mentioned renewables, and that is very important.

Mr Byrne: I will follow on from Tom's point about rural broadband. Many people feel that there is an equality issue that is not being addressed adequately. Are you ditching your renewable energy policy? The draft RDP states:

"Capital support for Renewable Energy Technologies will not be supported due to the prohibitive costs connecting to the electricity grid and the introduction of a Feed-in-Tariff scheme within Northern Ireland. Renewable Energy remains an integral of departmental policy on lowering the carbon footprint of local food production and the Programme will continue to support the on-farm renewable sector through support for feasibility studies."

That seems to me like a token recognition of the renewable energy objectives.

Mrs Lynas: The Commission will want to read section 5 of the draft RDP, which is a justification of the needs that have been identified in earlier sections. This section deals with the measures and needs that have been selected and prioritised. DETI responded to our interdepartmental consultation. It pointed out that the support in the rural development programme could be at odds with the support available outside and that that would mean that the grant would have to be paid back. You have to go through the process to look at complementarity with other EU programmes and to prioritise the funding where you need it to go but not to overlap with other available incentives.

We do not want to rule renewable energy entirely out of the programme. We are allowed to do feasibility studies, even if they are not attached to a building or piece of equipment. That is a change from the current programme, in which feasibility studies are eligible only if they are associated with a capital element of a project. We are saying that we will provide support for those feasibility studies to enable those to go off on available routes with available incentives. We are looking at community elements in particular, and at the European innovation partnership (EIP), where we might be able to bring people together to look at incentives for renewable energy. We have not ditched the policy in any way, and we are looking more at resource efficiency. While renewable energy is not in the programme, we will look at any new buildings and farms that have resource and energy efficiency elements. As the programme goes on, we may eventually look into other elements of renewable energy, which is more about energy storage.

Another issue is inequalities in the grid and the west of Ireland getting a connection to the grid. It is interesting to note that the ERDF programme includes a grid strengthening project. That is a good example of EU programmes working together to make the funding more effective, rather than us doing something that the ERDF told us was not a good idea.

That is the rationale behind it, but we have in no way ditched it and are still looking at it. Climate change and the environment are cross-cutting elements of the programme, and we have to have it in every piece of support in the programme.

Mr Byrne: The only comment that I would make is that, for 10 years, farmers have been encouraged to get involved in the renewable energy business. Many spent money seeking planning permission for single wind turbines, and, once they got it, they realised that they cannot connect to the grid. They have found themselves in a betwixt or limbo position, and all that you are offering is to pay for a feasibility study.

Mrs Lynas: It is a case of prioritising our funding. We recognise that the grid is an issue, and connecting to the grid is an issue in the current programme. Gareth, I think that you would agree with that with the diversification projects that have been done.

Mr Evans: I totally agree. I know that there is at least one member around the table who was dealing with a couple of applicants who were affected by that. That is Tom, and I remember the correspondence. What we are saying is that part of the feasibility study should address whether people can connect to the grid in an area. We are not providing the capital grant, but we would at least hope to provide the funding for a feasibility study that will leave people with a black-and-white decision: either they can or cannot do it.

Mr Swann: Brian, I want to go back to something you said about environmental schemes and the training that is involved. Can you give us any guarantee that the training will be at the front of any scheme that you will initiate? I am aware of problems with the Northern Ireland countryside

management scheme (NICMS), especially under field boundary restoration, where there is a requirement that the training must take place during the seven-year programme, yet there are individuals who are four or five years into that programme who have not received the training they were meant to receive and that is specified in the Department's handbook. Therefore, when they fall foul, it is my view that that is the Department's fault because it has not provided the training.

Mr Ervine: Your point is well made, and we acknowledge that a bigger training element is needed up front. Even before farmers sign up for the scheme, clear information is needed about what they are signing up to. We acknowledge that.

Mr Swann: You acknowledge that my point is well made, but I am asking you whether you will do it.

Mr Ervine: Yes, that is the intention. We want to learn from the lessons of the past with NICMS. The whole EU control regime behind the agrienvironment priority is now different from the time that NICMS was set up. It is a much tighter control environment, and the whole thing needs to be designed with that in mind. NICMS was designed before the control regime, and that gave problems. There was also a lack of adequate training and support.

Mr Swann: Is that tighter control from the Department or from Europe?

Mr Ervine: It is very much from Europe, and the Commission is very focused on it. It is particularly sensitive about the controls on agrienvironment in light of a European Court of Auditors report that was critical of agrienvironment schemes across Europe. Certainly, from our discussions with the Commission, its sensitivity is clear, and it wants things to be clearly specified.

Mrs Lynas: We had a video conference on the environment and forestry content of the programme, and it was evident that we must have a clear need. It is a compulsory measure in the programme, but we must have a clear need of the options that we have chosen to include, which should deliver environmental benefit and be controllable. Finding the balance between those two elements will be a real challenge. The Commission keeps saying that we must show environmental benefit and be able to control the schemes.

Mr Ervine: As Lorraine eloquently outlined, that is a big challenge. The Commission is saying that, if we cannot control it, we should not put it in. However, there are environmental matters that we want to do that can be difficult to control. There is quite a tension and a challenge.

Mr Swann: Can you translate tighter control from the Commission into what will actually happen through the Department on a farm?

Mr Ervine: I will explain what we want to do in setting up the scheme. We do not want to make it overly prescriptive, because NICMS had detailed prescription. It is about trying to get a balance that is prescriptive enough to deliver environmental benefit but without creating a lot of difficulties and issues with control.

Mr Swann: Are we talking about more inspection and more inspectors?

Mr Ervine: No, we are not aiming for more inspection. We want to design measures that have the potential to result in fewer non-compliances and error rates, and structure the scheme as such. Given EU regulations, what happens is that, once there is a certain level of error, inspections have to go up. We want to design the scheme in such a way that, ideally, it is simple and straightforward for farmers, and simple, straightforward and robust for DARD to control. That is what we are aiming for. I know that it is easy to utter those words, but a lot of thinking and technical work is going on to get to where we want to be.

Mr Swann: Is that it: simple and robust environmental schemes?

Mr Ervine: Yes. That is a challenge, but we are up for it.

The Chairperson: I could not let Gareth go without touching on rural development, and other members have also touched on it. Is it £80 million in total — 12% of the overall £623 million budget — for rural development?

Mrs Lynas: Yes, that is right.

The Chairperson: Is all that going to priority 6? If village renewal schemes, rural broadband, basic rural services and rural tourism schemes are included, is the remit slightly smaller but more focused?

Mr Evans: "Focused" is absolutely the key word. The business improvement scheme looks at all rural businesses, no matter what type — diversified farm businesses or tourism businesses. They are all in the one measure. Another key change in the business measure is that we have now opened up the programme to small businesses. We had been restricted to microbusinesses — up to 10 people — but we can now go up to 50, which is a significant difference. We have provided funding in several programmes towards microbusinesses, which has always gone fairly well, but we have never been able to touch small businesses. If you follow the route through, we should be providing funding through programmes for microbusinesses that grow and become small businesses. If we can assist them to go onwards and upwards, that is even better. That is a significant change in the programme.

The Chairperson: You said that you knew that this was going to come and that LEADER is not going to disappear; it is here. You are now more focused and have the infrastructure in place. There were problems with administration up front and getting everything in place before money could be put on the ground. How can you assure the Committee that you will be able to get money on the ground immediately?

Mr Evans: The Minister has given us a very, very clear target. On the day the programme is signed off in Europe, she wants the LAGs to be in place, ready to open calls and going out and doing their business. We are working towards having the LAGs in place before Christmas, having local development strategies drafted and signed off in time for April and the contracts awarded to the LAGs.

This programme is also more significant in that there is an animation fund in the administration that was not there before. Statistics were read out at an earlier event, and it is not often that you get statistics on the current programme, when we had thousands of applications. There were 6,000 or 7,000 applications, and we ended up investing money in 1,800. The animation fund is for local action groups to go out into the community and explain the funding, so that, when it comes to the time of the call, masses of applications do not come in, many of which will never go anywhere. That animation funding will be vital going forward.

Mr Swann: How will the LAGs be constituted?

Mr Evans: We are still looking at the constitution, but I do not think that we will be looking for anything other than a limited company by guarantee.

Mr Swann: Sorry — by "constituted", I mean "Will the LAGs be made up within the new council boundaries?".

Mr Evans: Yes. The LAG areas will be coterminous with the new council boundaries, and councils will play a full role.

The Chairperson: We appreciate that there is a wide spectrum and that some detail has still to be inserted, as can be seen in the documentation. I understand the reasons for that: some issues have not been thrashed out, and there are other reasons relating to the EU. The Committee and I wish you all the best in your discussions with the European Union. I know that they can be difficult and laborious. Thank you very much for your time.