



Northern Ireland
Assembly

Committee for Agriculture and Rural
Development

OFFICIAL REPORT (Hansard)

Dairy Industry: Minister of Agriculture and
Rural Development

30 July 2015

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)
Mrs Jo-Anne Dobson
Mr Kieran McCarthy
Mr Oliver McMullan
Mr Ian Milne
Mr Edwin Poots
Mr Robin Swann

Witnesses:

Mrs O'Neill	Minister of Agriculture and Rural Development
Mr Noel Lavery	Department of Agriculture and Rural Development
Mr Steven Millar	Department of Agriculture and Rural Development
Ms Louise Warde Hunter	Department of Agriculture and Rural Development

The Chairperson (Mr Irwin): I welcome Michelle O'Neill, the Minister of Agriculture and Rural Development, Noel Lavery, the Department's permanent secretary, Louise Warde Hunter, a deputy secretary, and Steven Millar, the head of the agrifood support service unit. I invite you to make your presentation, after which we will ask questions.

Mrs O'Neill (The Minister of Agriculture and Rural Development): Thank you, Chair. I welcome the opportunity to discuss this very important issue with the Committee today. I listened to most, if not all, of the earlier contributions, and the common thread is that we need to work collectively to ensure that there is an effective response and support for the dairy sector in what is a very difficult time. I welcome the fact that so many farmers took the time to come here today to make their voices heard. I am a big believer in people power, and a strong message has been sent to Europe today that our farmers are at crisis point, so much so that they felt that they needed to be here today.

I will set out from the Department's point of view what we can do and set the scene around what has been done to date. We have not just arrived at this point over the last week or two or the last month or two; it goes back quite a number of months into last year. Members will be aware from their own knowledge and from all the earlier contributions that this crisis has been building for some time. I have been active in meeting stakeholders, including, among others, farmers and their representatives and the banks, on this matter going back to last year. This is a global crisis that has been caused by a range of factors, including milk production, the Russian ban, the euro rate and demand from important markets such as China.

I have been concerned about the fall in prices for quite some time. I have been listening on the ground to local farmers and engaging regularly with a range of stakeholders in the dairy supply chain, including, among many others, the president of the Ulster Farmers' Union (UFU) and the Agri-Food Strategy Board. Everybody recognises that a solution to the crisis cannot be found at a local level; we need a concerted effort by all the players.

To date, I have already written on a number of occasions to the Department for Environment, Food and Rural Affairs (DEFRA) and the Minister, Liz Truss, to raise the issue of prices and the need for her to seek effective and timely EU support. I outlined to Liz Truss why our dairy industry has been and remains particularly vulnerable during this time of market volatility. I do not mind repeating what I said in the media in the last few days, which is that she does not understand the problem here. From today's contributions, it is evident that others feel the same. We have a job of work to continue to lobby and make sure that our voice is heard in DEFRA, but we must also continue to lobby Commissioner Hogan at European level.

I know that the Committee met Commissioner Hogan in March to press the issue of reviewing intervention rates. We all know that they are too low and that the present levels do not provide any sort of meaningful assistance to those who need our help now. We all know the mistakes that Europe made in the past when it came to providing assistance. It came too late, and I feel that, at the moment, the commissioner is deploying the same strategy, which did not work the last time. Europe needs to be challenged on that; it is not acceptable to us, and it is not acceptable right across the board. Collectively, we need to be strong in making our case heard, and I am certainly up for doing that.

That said, I still do not believe that, just because people do not do the right thing, we accept that. We need to challenge it. I have written again to Liz Truss and to Commissioner Hogan, and we have sought an early meeting with the commissioner. I am minded to bring a strong delegation, and I have spoken to the UFU president about that. We also welcome the Committee's support in being part of that strong delegation to Europe. I have also taken the opportunity to engage with my opposite numbers in the other devolved Administrations to seek their support in pushing for effective EU support. In addition, I plan to attend the special Agriculture Council meeting in Luxembourg in the first week of September.

As I said, this crisis has been developing for some time, and I have been active at a local level across the North. Last December, I met industry representatives and the banks, and we encouraged them to be as flexible and sympathetic as possible towards farmers as they go through a difficult period. I said at that time that we will continue to keep in touch, which we have. Next week, I am meeting senior representatives of the banks because it is essential that the banks are part of the solution to the immediate problem that we have. I was disappointed to hear from a lady who is part of the farming delegation and who I met outside earlier that she did not feel that that support was forthcoming. I made a commitment to her that I would challenge the banks about that at that meeting next week. She raised concerns about what she described as threatening letters, so that is something that we need to take on. I certainly want to take that on, and I gave her a commitment that I would do that with the banks next week.

In recognition of the cash flow pressures that have been referred to by dairy farmers, my Department's dairy advisers have, throughout the spring and summer, held workshops and training events dealing with the issues around cost control, technical efficiency, benchmarking and business management. A series of press releases were followed up with technical articles and radio interviews. College of Agriculture, Food and Rural Enterprise (CAFRE) advisers are continuing to provide advice to individual farmers about what they can do to manage cash flow. It is important that farmers come forward to avail themselves of the advice that is available and to talk to their banks and to staff in rural support.

My Department will continue to provide a range of support to the dairy sector to help to improve efficiency and competitiveness through education and training, technical support and a suite of measures that have been proposed under the new rural development programme (RDP), including the farm business improvement scheme. The early focus of the scheme will be on business planning, which will help farmers to make the right decisions about developing their businesses and provide a solid foundation for a sustainable future.

Over past days, I have heard the calls for basic payments to be made as quickly as possible. I fully understand the importance of the payments to farmers. I have committed to making them as quickly as possible, but that will not be before 1 December 2015. The timing of payments is strictly governed

by European regulations, and I have no power to change those. You will all know — and the Committee will be acutely aware of this — that we are bedding-in the new CAP derogations. The priority has been to make sure that we do that. The Department undertook a significant amount of work to make sure that we carried out the additional inspections and the other work to establish payment entitlements and complete all the checks that the regulations require.

You will know — we have talked about this many times — that it is my intention to get to the stage where we are able to make those earlier payments. This year, I have prioritised that area of work to make sure that we have the maximum number of people paid early in December. I do not believe in making false promises. I know there has been a call for early payments. I will not sit here today and say that that can be done, but I can assure all members of the farming community that the improvements we have made over the last number of years in getting more people paid on 1 December is the priority again for this year.

As I said, I am continuing to do all that I can to support farmers during this difficult time, and I will be looking to others to play their part. I am firmly of the view that dealing with these challenges will be successful only if we work together. That means producers, processors, their representatives, the banks, the Executive here, Westminster and Europe.

In the interests of time, Chair, I thought I would just outline what we have been doing and intend to do. For me, the thread that came through all the conversations today is that this is about collective and immediate action to tackle the short-term problem to help farmers to get through the immediate crisis. However, there certainly are more medium- and longer-term challenges and issues that we need to take on. My Department will not be found wanting in trying to work with the industry and all stakeholders in how we take those things forward.

The Chairperson (Mr Irwin): Thank you for your presentation, Minister. I welcome the fact that you have invited some members of the Committee to attend that meeting with Commissioner Hogan. The wider and more collective the approach we can take, the better.

I know you have written to the Environment, Food and Rural Affairs Minister on occasion, and so has this Committee. Would a high-level delegation to meet the Minister be important, too?

Mrs O'Neill: I would certainly be up for that. I do not think it would do any harm. We have to take every opportunity to make our case. That is what I have been doing, but surely collectively we are a stronger voice.

The Chairperson (Mr Irwin): I am not sure that Europe has approved the rural development programme as yet. I want to ask you a question around the possibility of some aid. Commissioner Hogan pointed to some support mechanisms within the programme that may be available. At what stage do you expect approval from Europe?

Mrs O'Neill: We are hopeful for the end of August. We have had indications that we will get our approval, and you will know that one of the priorities is to get the farm business improvement scheme out on to the ground. One of the first elements of that concerns efficiency, working with farmers on business planning and looking at their business. I am keen that we will be able to roll that out very quickly, as soon as we get our approval by the end of August.

The Chairperson (Mr Irwin): I think that farmers have looked forward to a farm business improvement scheme, but the situation that they find themselves in today may mean that few can avail themselves of it because they are trying to survive and will not be in a position to raise the finance to do it. I think that if a way can be found under the rural development programme to support the industry, that would be very important.

Mrs O'Neill: I agree with you that we will not have farmers who will be able to avail themselves of the scheme if we do not get through this crisis. That is why we need to look at what we can do now, immediately, and for the medium- to longer-term. Key to looking to the future and any opportunities that arise is making sure that our farmers can access anything within our control. I think that looking at efficiency and research and development, as well as at what helps our farmers to be able to get more out of their production has to be a priority for us, because some of the things that are outside our control are in market volatility, for example. If we cannot control those things, we have to be absolutely on top of our game in what we can control.

Steven wanted to come in on —

The Chairperson (Mr Irwin): I have one final question. Some big retailers have the power to buy and sell at their price, and I know that all of us, or many of us on committees and in organisations, have tried to put pressure on them, but to no avail. What has your Department done to try to tackle the budget issue with big retailers?

Mrs O'Neill: I engage with them regularly not just on the dairy sector but on issues across all the sectors. Given labelling, the nomadic cattle issue that we had last year and the lamb issue this year, you will know that quite a number of challenges exist right across the sector. Quite a lot link back to issues with supermarkets. We waited eagerly for the introduction of the Groceries Code Adjudicator, but I am still not convinced that that tool has been as effective as we thought it could be.

I think that there are issues that we need to take on board. There is great scope for more, if you like, teeth to be given to the Groceries Code Adjudicator. However, I continually engage with supermarkets on their practices and what they are doing. I am fighting the corner for the farmers, because, as the Agriculture Committee, you know that farmers are certainly feeling that they are the people who are continually being squeezed and being asked to take on more of the losses. That is not sustainable. I have heard some commentary today on the Agri-Food Strategy Board and the strategy itself. I believe that we have to have a strategy, because we have to not just take our chances but go out and pursue new markets. We have to take on the challenges and drive out inefficiencies. That strategy is not worth the paper it is written on if there is not fairness in the supply chain. I have always made that point, right through all my communication with the Agri-Food Strategy Board.

Actually, the Committee will remember that I was here maybe a month ago, and it was one of the issues that we talked about. Since then, I have met the strategy board and made that point again. Farmers do not see where they fit in to the vision. They do not feel that they are part of it, so that is a challenge. Farmers need to feel where they fit in, what their role is and what it means and looks like for them. I have challenged the board to do that and to bring some sort of forum together to address those issues.

Steven was going to come in on a point.

Mr Steven Millar (Department of Agriculture and Rural Development): I was going to come in on a point about the rural development programme. I agree with you that the capital aspect of the new farm business improvement scheme may not be as attractive as it once was because of people's inability to fund things, but the other part of that programme is the investment in people. We have quite a lot of plans to help people to develop their competencies in business development, technical efficiencies, using development groups and associated skills training. We are helping them to come together to work together and cooperate with one another. So, there are quite a lot of other things in there, over and above capital investment. I think that those other things will reap a dividend in the short term as well.

The Chairperson (Mr Irwin): Capital investment is very important as well. Many farmers are, I think, looking forward to that. The issue is the fact that they are not going to be in a position to raise the match funds.

Mrs O'Neill: Just on your point about supermarkets, I continue to engage with and challenge the supermarkets. However, I think that perhaps it would be helpful, in the vein of us working collectively, if you wanted to ask the supermarkets to appear before the Committee to account for their actions. That is just a suggestion.

Mr Poots: Minister, we would be very happy to join with you in lobbying anywhere. I have said throughout this that no individual or single political party will be able to resolve this one. It will be by working together that we can achieve this. However, as Minister of the Department, you are something more than a lobbyist and you have much greater powers than the rest of us in addressing some of the issues. For example, the Department has identified a considerable spend that it wishes to undertake on the animal and public health information system (APHIS). Another considerable spend is to be made on relocation of services across a range of areas. It has also identified considerable money in Going for Growth etc. That is all well and good, but the position that we are in is that we are struggling to survive, not going for growth. The French Government have responded to the current circumstance with €1 billion for their farmers. Why does the Department not look at reallocating

funding away from those other things, perhaps by delaying some of the other projects, and supporting the farmers? Not just the dairy farmers: the lamb farmers are down about 40% in their prices, and a lot of the cereal farmers are going to take an absolute hammering this year. Right across the board — the pig farmers, the beef farmers — they are struggling to survive. Can we not get some funding reallocated towards that? Good intentions may have been set out at a different point in time for many programmes, but we are in a different situation now. With the euro situation in particular, we really need to be looking at how we can see farmers through this particular crisis.

Mrs O'Neill: I will pick up your issue about what the French Government are doing. I have looked at this closely. It is fair to say that quite a sizeable proportion of the French farming industry does not actually agree with the proposals that have been put on the table, but I think that there is some merit in some of them, particularly around tax. Obviously, this is not something that the Executive have had devolved to us, but it makes the case even more that we need more fiscal autonomy for our Executive if we are going to be able to take on some of the issues. Some of the initiatives that have been set out by the French Government around the tax take, when taxes are paid, how they are paid and National Insurance contributions — I am keen to look at those and explore them because I think that they give us additional tools to guard against the present market volatility. We need investment in APHIS; it protects us and helps us sell what we produce. It guards us by allowing us to say that we have full traceability. We need the investment in the APHIS system; it is a project that needs to happen. I do not want to get into whether DARD relocation is the reason why we are in this situation today; it is not. I am not saying that that is what you are saying —

Mr Poots: I did not suggest that it was.

Mrs O'Neill: I am not saying that that was what you were saying. However, alongside the need to support the dairy industry, which is what we are championing at a European level and pushing for, we have support for all sectors. I am conscious that I am talking about the dairy sector today, but other sectors are also struggling. I think that the Executive have stepped up to the plate in the support that we want to give to the industry; we have done that through the farm business improvement scheme and the whole rural development programme, which gives us many tools for assisting the industry.

Ms Louise Warde Hunter (Department of Agriculture and Rural Development): Just simply in terms of Going for Growth, quite clearly, the moneys associated with it are part of the larger RDP and making the case. That business case has not yet been approved; the RDP has not yet been approved. I am just a little bit concerned that there is any concept that there are moneys at the Minister's immediate disposal; in fact, we are making the business case around the farm business improvement scheme. That and, indeed, the wider RDP have yet to be approved.

Mrs O'Neill: Let me remind members that the RDP is worth £623 million. It is the largest ever rural development programme secured for rural communities, so it is a fantastic programme and a fantastic suite of supports for the industry. It is not necessarily the case that you can divert money into immediate needs. As I set out at the start, for me, the priority has to be getting us past the position that we are in now. It has to be about raising the intervention levels. We then need to look seriously at all the other challenges. I listened to Trevor Lockhart talk earlier about looking again at how the supply chain model works. We need to do all those things. We should not lose focus of the fact that the immediate issue — today and now — is to make sure that Europe listens and responds positively to what is a crisis situation. If we do not get through where we are at now, we will not have people to produce in the future.

Mr Poots: There is no change to the Department's policy irrespective of the real change that has taken place on the ground.

Mrs O'Neill: I do not understand what you mean.

Mr Poots: The Department's policy, as it has been for the past year, on the RDP and all those things is to say, "We will continue with the policies that we have, in spite of the fact that we have witnessed a massive depression in prices".

Mrs O'Neill: If you mean the policies around trying to provide more training and support for farmers on the ground, looking at benchmarking and cost control, having practical support on the ground, challenging the banks on what they are doing and being out in Europe fighting our local industry's corner, obviously those are the right policies.

Mr Poots: No disrespect, but sending dairy advisers out to dairy farmers who cannot make ends meet, in spite of the fact that they are in the top 15% of farmers anywhere in Europe, will not really assist very much. Finding something that will put pounds in their pocket will. The Department has mechanisms and means to identify resource that is being allocated to other things and divert it into front-line farming activity. That is what I am asking for, but you are pretty clear that that is not a route that you want to go down.

Mrs O'Neill: I think that you are trying to make it sound very simplistic. It is very easy to say, "Let us stop a whole programme of relocation, take the money back and throw it down another route". That is not what we are talking about. It is not that simplistic, and you know that. I am trying to highlight the point that I will not be found wanting. We are doing everything practical that we can do on the ground to assist farmers. I do not dismiss the fact that dairy advisers are very important. I know that farmers really value dairy advisers. Am I saying, however, that that is the be-all and end-all? Absolutely not. We need to work in a combination of areas, as I already set out. I have secured £623 million for the biggest rural development programme that the Executive have ever had. That in itself shows that there is a strong will to support the sector.

The dairy sector is in a crisis situation. Many other sectors are in a seriously difficult situation, so it is so important that we do everything that we can, that we work collectively and that the Executive deliver for and support the local industry in order for it to survive. We did not put all the effort into devising a strategy to help grow the industry and guard against market volatility just to let it founder. We are trying to support the sector to grow and be more efficient, and we want to work with it. As I said, all these things combined — the tools that we have deployed under the farm business improvement scheme and the entire wider rural development programme, as well as the volume of research that we are doing with the Agri-Food and Biosciences Institute (AFBI) — will help the industry in the longer term.

We are in a crisis. Dairy farmers today are at the end of their tether, worrying where they will go next and what they are going to do. What they need to hear from us today is that we are fighting their corner collectively and that we will be a strong voice. I listened outside to the contributions from some of the farmers, and the clear message to me was, "Let us be a single voice. Let us be more active and do more". Therefore, that is what we need to do today. That is the message that people need to hear from us today. When we come out of here, farmers need to feel confident that we on the hill are fighting their corner.

Mr Swann: Minister, you finished by saying that we need to be a single voice and do more and that we need to come out of here and all fight for the farmers. When have we not been a single voice fighting for our farmers?

Mrs O'Neill: I am saying that I heard very clearly outside earlier that that is what people want to hear from us today. This is not about point-scoring but about what we can practically do to help people get through the crisis that we are in. I am merely making the point that that is the message that we need to send out from here today.

Mr Swann: Farmers have heard that continually. I do not think that, at any stage, the farming industry would say that the parties in Stormont have been anti-farming or anti-farmers. What new message are you coming out with here today?

Mrs O'Neill: I am still at a loss to understand. I am trying to make the point that this is not about point scoring; this is about us —

Mr Swann: If you are coming out here with a new message to the farming industry — the dairy farmer, the beef farmer, the lamb farmer or the potato man — what is the new message that is coming from the Minister and the Department that the Committee can support?

Mrs O'Neill: I have, for example, invited the Committee to accompany me on a delegation. Let us go to Europe together. Let us make our voice very strong together. The number of farmers who came along today sends out a very strong message. That is happening right across Europe. That helps us all to strengthen our hand when it comes to fighting our corner. We have to do more of that. That is the point that I am making.

Mr Swann: We have always had that support. When it comes to fighting our corner in Europe, you have always had the Committee's support. You have always had the farmers' support. I am trying to find out what —

Mrs O'Neill: Yes, but I am trying —

Mr Swann: What are you going to do that is new?

Mrs O'Neill: Are you suggesting that we just sit at home and do not do that?

Mr Swann: No, I am trying to ask you what you are going to do that is new. What is additional? How are we going to make that voice stronger? How are we going to make Hogan listen to us? How are we going to make the Commission listen to us? How are we going to get intervention prices up? All the things that have been talked about today have been talked about over the last nine months. What can we do that is different? We have always been together and united on these issues.

Mrs O'Neill: I think that you will find that we have been talking about the issue for a lot longer than nine months. The reality is that, as everybody said today, we are competing in a global market. The challenges that are presented to us today, particularly for the dairy sector, are of a global nature. We need action from Europe to get us through the crisis that we are now in. I am saying that I have been knocking on that door and will continue to do so. Europe's approach is not acceptable. I have put out the invitation to come with me; let us join together with our unions. I said at the start that I believe in people power. We need to go out collectively. We need to keep applying political pressure, so that, at political, people and farming union level and right across the board, we collectively need to get out there to make our message heard. I have put that invitation out to you today.

Mr Swann: I do not think that there is any problem with that invitation. I think that everybody around the table will accept it; I think that the Chairman did in his opening comments.

I asked you about the dairy sector in 2012 and 2013. That was more to do with what we were going to do to protect the dairy industry when quotas disappear. Edwin Poots made the point that the issue has arisen again, with or without quotas. In your response to me, you talked about working with the Republic and with Coveney and developing new international markets by working together and taking Northern Ireland milk along with milk from the Republic. The Republic is doing that and getting into more markets, but we are not part of that. Is something going on that we are not aware of? Is the Republic's agriculture sector leading us along, hoping that we disappear at some stage?

Mrs O'Neill: I will not speak for the Twenty-six Counties and what they are doing, but I will certainly speak for our local industry. It comes back to the challenges. We are looking at an increasingly volatile market, so, for our own industry, we need to guard against that as best we can locally. For me, that is about looking at new markets. One of our main processors recently got into a new market in — I cannot remember where —

Mr Millar: Japan.

Mrs O'Neill: — in Japan, so there are opportunities. I have recently been to China for the pork industry, but we are looking towards new markets constantly. If we do not open up new market opportunities and do all these things collectively, such as looking at efficiency and helping farmers to invest to make them more innovative and efficient, we will always be faced with, and be susceptible to, market volatility. We need to do those things collectively in the round.

Mr Swann: Dairy UK mentioned that it would be beneficial to our industry to have most favoured nation (MFN) trading status. Are you progressing that with any other nation?

Mrs O'Neill: You will also know that marketing is not the responsibility of DARD. However, we have a role to play with export certificates to make sure that that is all in order so that we can get into those new markets. We work with Invest NI and the dairy marketing board. Over the last number of months, I have been working very hard with DARD staff to make sure that we are doing absolutely everything we can on export certificates to ensure that the i's are dotted and the t's are crossed. Again, the priorities for the industry are set by the industry. The markets that it wants to reach into are set by the industry, but DETI obviously takes the lead in marketing.

Mr Swann: So it is DETI more than yourself.

Mr McCarthy: Thanks, Minister, for your presentation. Anybody would know by listening to you for the last 20 minutes that you are committed to seeing this problem solved quickly — because it has to be solved quickly. You mentioned the meetings that you have had with the banks, for instance, and I mentioned that earlier. At the end of the day, it is the hardworking farmers who have invested, and they are dependent on the banks. You said that you met someone outside who complained about the way that the banks had treated them. A contributor who was here earlier said something similar in that the banks were committed to doing what they wanted, yet when they went in to discuss their problem, they criticised their cash flow problems or how they presented them. Can you give the Committee a guarantee that you will keep the pressure on the banks to overcome those sorts of problems? The last thing that people want when they come in for help and assistance is to be confronted by that type of activity. Can you give the Committee a commitment to carry on and to make the best use of the banks for the farming community?

Mrs O'Neill: Yes, absolutely. I have taken every opportunity to relay to the banks that the longer-term prospects are good. We need to be able to allow farmers to be able to continue their production, if they choose, to get us through this difficult time. As I said, I am meeting senior officials from the banks again at the start of next week, and I will be making the point again — particularly the point that the lady made with me. As I said, the solution to this is a collective one, but if banks are making a public statement that they are working with farmers, but that is not the reality on the ground, we need to challenge that. That is what I intend to do.

Mr McCarthy: Absolutely. Finally, you reiterated the commitment for us all to work together to see this through. We totally agree with you and hope that that will be the outcome. I have a suspicion that you think that there may be some forces out there that are not prepared to work together to see and overcome the problems.

Mrs O'Neill: No, I just think that it is important to make the point to the farming industry that is here today, and those that are not here today, that we, collectively, as an Executive, understand their plight and are trying to do everything that we can. Quite often, as you know, in the North of Ireland, when it comes to issues, political issues maybe get in the way. That is not the case here. This is us all working together. We all have the interests of the farming community at heart. I am the farming Minister; I am the champion for farmers. I want to make sure that the message is very clear that we are going to do everything that we possibly can to get us through this period but also that we are looking forward to the future and we are planning for the future.

Mr McCarthy: We will speak with one voice to see an end to this crisis at the earliest possible moment.

Mrs O'Neill: Yes.

Mrs Dobson: Minister, last night on 'UTV Live' you referred to a brighter future for the dairy industry. Can you perhaps outline for us in the Committee, and the farmers present, when you expect that brighter future to begin? The farmers that we hear from do not share that optimism. For them, the foreseeable future looks very bleak. What were you referring to when you referred to the brighter future?

Mrs O'Neill: You had Trevor and Mike here earlier, and I believe that you discussed that. The longer-term indications are that the market will pick up, but, for farmers individually, when you are sitting in crisis mode at this minute and wondering how you are going to get through next week, never mind next month, it is hard to see into that future. What I was saying is that I am trying to give some hope that there is a future, but our farmers will not be able to sustain themselves into that future if we do not get them through the crisis that we are in now. That was the point that I was making.

Mrs Dobson: So, in essence, what you were saying is that you hope for a brighter future for those who survive.

Mrs O'Neill: What I was saying was that we need to do everything that we can to help our farmers to be able to produce in the future.

Mrs Dobson: A lot of people had asked me what was this magic bullet and where was the brighter future that you referred to. Farmers are the custodians of our countryside, and, without them, as a society we cannot grow or sustain our rural communities' way of life. Yesterday, you announced an allocation of over £1 million to tackle rural poverty and isolation. You say that you recognise the massive threat hanging over our farmers and the potential for farming families being forced out of farming and into poverty. The situation could be a lot worse five or ten years down the line. You are granting this money to rural poverty and isolation, and some of the farmers who are here will be in that very situation. As we all know, and as everyone has rehearsed today, continuing to accept below-production prices will bankrupt any business.

Edwin touched on this earlier, and we are thinking along the same lines. Are you, as Minister, content that, while farmers in practically all sectors are on their knees, your Department is prioritising its multimillion-pound relocation to Ballykelly? Edwin gave the very good quotation that it is a case of:

"struggling to survive, not going for growth."

Edwin asked this question but did not get much of an answer. I will ask you it again: will you put Ballykelly on hold, reprioritise that money, which I think is £60 million, and give it to the farmers who need it?

Mrs O'Neill: I hope that you are not suggesting for one minute that the money spent on tackling poverty and isolation is not money well spent.

Mrs Dobson: No. I am saying that, if we do not resolve the situation, we are going to have a lot more farmers in need of money —

Mrs O'Neill: Absolutely. In my time in the Department, I have made sure that I have prioritised tackling poverty, isolation and the real issues that are out there for the farming community. One of the reasons that we fund rural support is so that there is a listening ear there for the rural community if it needs it. I do not think that it is helpful to play off one area of significant investment in rural communities against the other —

Mrs Dobson: What is the point in having a shiny new headquarters if we are losing so many of our farmers?

Mr Poots: Correct.

Mrs Dobson: What is the point?

Mrs O'Neill: It is completely different funding for a start. It is capital funding. You will also know that I have announced £623 million of rural development funding, £250 million of which is capital funding for the farming community. I go back to my point that I do not think that it is helpful, and to be quite frank, Jo-Anne, I think that it is, in a way, a case of trying to score political points. This is not about headquarters versus support for the farming industry. I can stand over my track record of bringing forward support for the industry when it is challenged, and I will continue to do that. I am continuing to fight its corner. The fact that we are going to move the headquarters to Ballykelly has no relevance to the dairy sector at this moment —

Mrs Dobson: It has if you are talking about farmers on the ground.

Mrs O'Neill: It will be significant investment in a rural community. It will create jobs in a rural community. There will be a fair distribution of public-sector jobs. I am quite sure that you understand that rural people also —

Mrs Dobson: How many jobs are we going to lose from the rural community —

Mrs O'Neill: I am quite sure that you understand that rural people are also entitled to have a job in a rural community.

Mrs Dobson: You are not reprioritising, then. You have said numerous times, including to Robin and others here, that we are all in this together.

Mrs O'Neill: I have said that we are all in this together, and I do believe that that is the case. That is why I am delighted that the Committee has taken an interest and wanted to discuss the issue today. As I said, it is not an issue that has crept up on us. It is something that I have been dealing with for quite a number of months. We have been dealing with the issue for maybe 18 months. We have been doing absolutely everything that we can to head it off, to raise it at a European level, to raise it with the banks and to make sure that our advisers are on the ground to be there to provide whatever support we possibly can for the industry. I will continue to do that. I have no doubt about my priority for supporting the sector.

Mrs Dobson: I guess that that is a no, Edwin.

Mr Poots: It sounds like it, yes.

Mrs Dobson: I feel that we are hitting our head against a wall here, Minister. Finally, as I said earlier, the doors of CAFRE are bursting with young, enthusiastic farmers, who are the future of the industry. What is your message to them and their families as they face financial insecurity? Are you hopeful that, just as a new Minister will follow in your footsteps, they too will be able to follow in the footsteps of their parents into the industry that they love? What is your message to those young farmers?

Mrs O'Neill: That we are doing absolutely everything that we can to make sure that we have a thriving industry into the future. That is why we have a strategy in place, why are looking for new markets, why we are trying to guard against market volatility, why we have supports on the ground, why we are talking to the banks, and why we are in Europe. I am in no doubt that there is a future in the industry for those young people. I absolutely understand that farm families and the farm structure that we have here are under significant pressure, not just in the dairy sector but right across all the sectors.

It is my job to make sure that we have those CAFRE courses available, that we open up the opportunities that are there and that we work with industry to create jobs. That is why we invest in education and skills and why we have prioritised the farm business improvement scheme to be able to support the industry to grow in the future. All those initiatives are in train. Although we are going through a very, very difficult time, the onus is on me, the industry and each and every one of us to work together to make sure that we do have a thriving industry into the future.

Mrs Dobson: I cannot see those words providing much comfort to current and future farmers.

Mr McMullan: Thanks, Minister, for your presentation. I agree with you and the groups who made the two previous presentations that this is not the time to try to deviate from the main problem, which is how to help farmers. This is when we must show a united front and have a united voice. For far too long, the public have been saying, "Look at the Frenchmen: they can all come together and do this and do that when they want something." Here, we now have the opportunity to do that. It might not be on the same scale, but we have the opportunity now to put out the message to everybody that this crisis in the farming industry will be dealt with head-on by everybody. If we do not do that, we will have more problems in rural areas. It is well known that when farmers earn money, they spend it in rural areas. That money circulates and the economy grows. We have to go out there. We need young farmers coming through. It was asked why we are sending out dairy advisers to farmers who are in trouble, but, as we heard from the UFU, I think, farmers are being told by the banks not to come to them without presenting a proper case. Dairy advisers can now help farmers to put together a case to bring to the bank. That is what advisers are there for. We have to use them.

As for doing something new, I do not think that anybody else has taken a delegation to DEFRA, which is a big problem here. Hopefully, we will take a delegation to Europe as well. We have to make sure that Europe accepts that there is a crisis here. It was said earlier that it has yet to do so. Let us not create a crisis among us. We have to show Europe that we have a united voice here.

If you can, Minister, will you expand on fiscal powers a wee bit? I heard you talk about them, and I think that we need them. We talk about helping the rural community and getting more money to farmers. I know that one of the big things is getting the payments out by December. The percentage has gone up greatly and is steadily rising. Maybe you will elaborate a wee bit on that.

Now is not the time to try to score points here and there. We have to be seen to be together on this, because the banks will not listen to us if we are not united. The farmers have to go to banks to get the money that they need to spend on the rural development programme that is coming in. We helped

with that before through staged payments, which could come in again. Minister, if you can, will you say a wee bit more about fiscal powers and the percentage of farmers paid in December?

Mrs O'Neill: As I said, I am aware that the French Government have made a range of proposals to support the livestock industry. I understand that a large majority of them have been rejected by farmers. However, one proposal is to defer payment of taxes and National Insurance contributions. I discussed that previously with the UFU. I also raised it with the Minister of Finance and Personnel because it is not devolved to the Executive. For me, it very clearly points to the fact that we need more fiscal powers. If we are to guard against the longer-term market volatility that is obviously here to stay, we need to have tools at our disposal that help us to support the industry. I am very keen to explore those further and am seeking the entire Executive's support for how we take that forward.

Last year, when I raised these issues with the Minister of Finance and Personnel, who, at the time, was Simon Hamilton, I got a positive ear, and we agreed that they would be progressed in discussion. I think that it would give us an additional tool to help the industry. It would not solve our immediate problem, but, as I said at the start, when we look towards what we can do in the immediate future and in the medium to long term, it is one of the issues.

I have prioritised resources to ensure that we maximise what we can do to get the single farm payment out. You are right. We have made improvements in the past two or three years, but this year, we intend to match that and to make sure that we have the maximum number of people paid at 1 December. That is still the instruction that my officials have been given, and they are working very hard to make sure that that is what comes about.

Mr McMullan: Just to finish, it has to be said that, whilst there has been an argument here on what the Department is doing about what is happening today with prices, no other country has put in place anything to improve its price. As you say, this is a global price, and, as we heard from one witness, the market price in Algeria has gone up by 100% because of the cost of oil. The cost of oil is down, and that affects buy-in power. We are affected by the global economy, so we must look at this. The only thing that France has put in place for its farmers are fiscal powers, which the farmers are not happy with. France is not doing anything else for its farmers. There is no magic wand for this. We have to work with the tools that we have, and fiscal powers are one of those. I think that a delegation is a real start.

Mr Byrne: I welcome the presentation, and I support the call that you, along with others, have made for a collective approach. I think the time has come to start talking numbers. If we are going to try to look for an improvement in the intervention price — the threshold price — what should we look for? Are we looking for 19p a litre, plus or minus 2p? Let us put a figure on it and try to have a collective leverage.

Mrs O'Neill: As Trevor pointed out, it is about the margin. It is not necessarily down to the price; it is about the margin that farmers can achieve. Steven, do you want to pick up on that?

Mr Millar: According to the benchmarked figures that we have from farmers, the average production cost is in the region of 25p or 26p per litre. That is probably where you want to be, but it is highly improbable that the intervention price would ever be raised to that level. As we heard in earlier presentations, an intervention price that delivers something like 19p or 20p might be more achievable.

Mr Byrne: So we could go for a bid of 19p, plus or minus 2p?

Mr Millar: As I understand it, it would be about Europe revising the threshold price and taking into account the cost of production among all the other costs that come into the calculation. If it comes out at around that level, that is what it would be.

Mr Byrne: It is fair to say that we have heard the lobbying from across the sectors of the farming community. There is a feeling that, in the current cash flow situation, where many farmers are strapped for cash, we should consider whether we can make a serious bid for a derogation to make 70% of the basic payment in October. That would not threaten anything. It would be a very welcome and positive step, and the farming community would feel that we were serious about trying to address the current debacle.

Mrs O'Neill: I understand that. As you know, the ability to make earlier payments has come up over the last number of years, and we have been working towards getting to that stage by, among other

things, increasing the number of remote inspections and so forth. The priority this year, given that we are in the first year of the new CAP, has been bedding down the new basic payment system. We have prioritised resources to make sure that that happens. I have prioritised resources to make sure that we get everybody paid in December. I could pull people off that to achieve, if Europe allowed us, a situation where we were able to pay, say, 70% or 80% of the payment earlier. However, that might delay the whole payment and mean that people do not get the rest of their payment until early in the new year. You have to weigh up which is better: having the majority of people paid on 1 December, or everybody getting a bit and waiting for the rest, maybe into the new year. As I said, I have prioritised resources into making sure that we pay everybody at the start of December.

Farmers are very keen to know what their new entitlement value will look like, and we are working our way through that and looking at whether we can inform farmers of that value earlier than December. That would allow them, if they are in discussion with their banks, to at least tell the bank what their entitlement value will be and what they can expect to achieve. That in itself will, hopefully, give some sort of comfort to the banks that this is what the individual farmers will receive when they get their payments in December.

Mr Byrne: There has been so much public comment about the difficulty that the farming community is in and about politicians and DARD and DEFRA listening to its plight that we have to give out some sort of positive signal very soon that some immediate relief will be provided. Given that the basic payment system is coming directly from Europe, it is not going to create difficulties for the local exchequer. I appeal to you, Minister, to give serious consideration to making an upfront payment in October that would show some serious intent on our part to listen to the plight of the farming community.

Mr Noel Lavery (Department of Agriculture and Rural Development): Joe, the key issue is the rebasing of the entitlements getting to what the entitlement is. We are dealing with a number of new active farmers, and we have been testing that. We have to test, and we have been strongly requested by stakeholders to test new applications to the regional reserve. We have placed priority and resources on doing that. This is not a normal year in terms of the business that we have to do. I appreciate absolutely the pressures on farmers, so we have to get to that position to see what is the actual entitlement as well as doing the normal inspections. We have prioritised resources on that, and the Minister has made the point to me on a number of occasions about redirecting resources into doing that to get us into a position. If we went for early payments, we would be taking people away from doing that work.

We will show the banks our timetable, and we will try to get to a position where we can let people know what their entitlement will be so that they can show the bank where they are. It is a completely new year in terms of what we are dealing with, and the priority should be to get everybody paid. I want to assure you that we are prioritising resources and that part of the conversation with the banks, in order to reassure them, is to show them what we are doing and when payments will be made.

Mr Byrne: I am worried that that was a very good, diplomatic administrative answer but it does not recognise the reality on the ground.

Mrs O'Neill: All we can do is to highlight the reality of the situation. I could be very populist and say that I will try to make part-payments — a 70% payment — over the next month or two, but that is not the reality of the situation. I do not believe in raising expectations, but I will give an assurance that the majority of people will be paid at the start of December, despite all the challenges that we have had in trying to bed in the new CAP. I am trying to explain the reality of the situation, and I do not believe in making false promises.

Mr Swann: Minister, you have talked about the practical things that government can do and about the support and the tools that the Executive have at their disposal that could help Northern Ireland farmers. Will you go back and look again at government and public procurement for Northern Ireland produce?

Mrs O'Neill: Yes. I have already committed to doing that. I think that it is something that we need to seriously consider right across all Departments.

I thank the Committee for the conversation today. I have tried to set out everything that we are doing to help the industry through this immediate crisis and the medium to long-term challenges that we need to seriously tackle. However, it is important that we do not leave here today with any farmer

thinking that delaying a capital spend on another project, whether that be APHIS or any other project, would simply mean money being put in their pockets. That is not the reality of the situation. It is important to make that final point today. I will do everything that I can, and I will lead from the front to raise the issue in Europe. I welcome the fact that the Committee has said that it will support me in that.

The Chairperson (Mr Irwin): OK. Thank you very much for attending our meeting today and taking all our questions. Certainly, you understand the gravity of the situation. The Committee will be making decisions at the end of the meeting, and I think that it will take a concerted effort from all parties. I, for one, do not try to score political points; we need to ensure that we do our best for the farmers. I say that being a farmer myself. Thank you.