



Northern Ireland  
Assembly

Committee for Agriculture, Environment and  
Rural Affairs

# OFFICIAL REPORT (Hansard)

Brexit and Strategic Priorities:  
Northern Ireland Agricultural Producers Association  
and Ulster Farmers' Union

30 June 2016

# NORTHERN IRELAND ASSEMBLY

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**Members present for all or part of the proceedings:**

Ms Linda Dillon (Chairperson)  
Ms Caoimhe Archibald (Deputy Chairperson)  
Mr Sydney Anderson  
Mr Maurice Bradley  
Mr David Ford  
Mr William Irwin  
Mr Patsy McGlone  
Mr Harold McKee  
Mr Oliver McMullan  
Mr Edwin Poots  
Mr Robin Swann

**Witnesses:**

Mr Jim Carmichael	Northern Ireland Agricultural Producers Association
Mr Michael Clarke	Northern Ireland Agricultural Producers Association
Mr Wesley Aston	Ulster Farmers' Union
Mr Barclay Bell	Ulster Farmers' Union
Mr Victor Chestnutt	Ulster Farmers' Union

**The Chairperson (Ms Dillon):** I welcome our members from the Ulster Farmers' Union (UFU): Barclay Bell; Wesley Aston; and Victor Chestnutt. You may take up to three minutes each. Unfortunately, we are very time-constrained today. As I said to members, we are really here on a listening brief today, but we have refined it down to say that we want to discuss Brexit, because that is the big issue, I imagine, for agriculture at the minute. Do you want to go ahead?

**Mr Barclay Bell (Ulster Farmers' Union):** Thank you very much, Chair. The paper in front of you may be slightly different from what we end up discussing today. Certainly, in the Ulster Farmers' Union, a whole debate has kicked off about Brexit. We held an executive meeting last night at which there were a lot of different opinions. The uncertainty at present is what men are worried about; they would dearly love answers. We had to remind them that it was only Wednesday, with the result having come out last Friday. As I say, the process has kicked off internally and externally with us, and we will be doing a lot of work with the other unions across the UK and the Irish Farmers' Association (IFA) in the South.

The number-one item on the agenda for any of our farmers is the continuation of direct support. How that will look is, I suppose, anybody's guess, as is what the pot of money will be. However, when you consider that, last year, 87% of farm income was made up of direct support, it is critical that we all try to get the best possible deal from Whitehall and our fair share of the money for Northern Ireland. When we consider how many jobs are linked to the agrifood industry, it is critical that we as unions and you as politicians fight our corner very hard to ensure that we get a fair share of the money, whatever it might be.

Another critical issue, we feel, is the markets, whether it be the home market trying to get produce into the EU or new markets being opened up. We think that there have been blockages previously at Whitehall in opening up new markets, so that needs to be pushed as well.

Since the agrifood strategy report, 'Going for Growth', we have heard discussions on many occasions over the past few years about getting a new marketing body. If ever there was a time for that marketing body, it is now. However, it has to be a well-resourced marketing body — not a half-stab at it — to compare with something like Scottish Food and Drink or Bord Bia. That is another issue that we would like to see pushed forward.

Of course, on the issue of agrienvironment schemes, we want to see the farm business investment schemes rolled out as quickly as possible.

**The Chairperson (Ms Dillon):** You have only about one minute left. I do not want to put you under pressure, but —

**Mr B Bell:** Those are probably what we feel are the three or four key areas. We are happy to leave it at that and take questions.

**Mr Irwin:** You said that there are concerns ahead. Do you also accept that there are opportunities ahead for the agriculture sector?

**Mr B Bell:** We are starting off with a clean slate, and when you start off with a clean slate, there probably are opportunities. Farmers have always been anxious about regulation. We would like to think that, whatever the way forward, any new regulation will be less bureaucratic, because there are simpler ways of doing things. That has to be an opportunity and a plus point.

The biggest concerns are, I suppose, direct support and market opportunities. We need to get new market opportunities opened up. There are opportunities there as well, but the biggest threat is what direct support will look like. Next week, we will pull all our committee chairmen together, lock them away in a room for a day and get them to thrash that one out to see what they come up with, how it might look and what the suggestions are. I accept that there are opportunities.

**The Chairperson (Ms Dillon):** Barclay, I assume that you have had or will have meetings with the Minister about direct support and what the expectation will be. Previous direct support from the EU has been to our advantage here in the North, as against Scotland, England and Wales. What will our argument be when you are asking the Minister about that? Have you given the Minister information on what direct support we should be arguing for and why we should be at an advantage over and above the others? They will be in there arguing against that now, and that is a concern for me.

**Mr B Bell:** It comes back to the fact that 87% of farm income last year was direct support. Farmers would dearly love to be getting much more from the marketplace, but, as things stand, they are not. If direct support is not there, farmers will simply not be there. It may well be an opportunity to reshape direct support in some way; that is what we are sitting down to do next week. There could be different ways of giving direct support, and there is a feeling that we need to look at production agriculture, and direct support could be geared towards that.

**Mr McGlone:** I am just looking at your briefing. Forgive me for saying so, but there is a bit of an anomaly in it. One of the headings is "Continued EU support for agriculture". Maybe it is how I am reading it. Under that, you say:

*"maximum EU support must continue to be provided directly to agriculture; additional assistance must be provided to vulnerable sectors within the agricultural industry".*

We have just had Brexit.

**Mr B Bell:** I think in my comments at the start I said that the document you received was pre-Brexit.

**Mr McGlone:** Right. I am trying to grapple with this. I have heard from some of your members and from other small farmers, and some of them are utterly shocked at what has happened. Eight-seven per cent of their income is no longer secure for as long as it would have been, anyway. They are trying to come to terms with that, and I am trying to come to terms with it, because politically it is bigger than just farming. I do not know how this will be resolved. We are in lowland. I am thinking too about what was presented to us on the rural development programme, which was to help farmers to diversify. Honestly, I do not have any answers because of the uncertainty. We have taken a leap over the cliff in relation to what was solid farm income.

I empathise with you, but I really do not know where we go after this. I have a number of questions, but they are probably best answered by the Department. What, if any, dialogue has taken place with the Department for Environment, Food and Rural Affairs (DEFRA)? What, if any, thinking has taken place at DEFRA on where this is likely to go, or on what support might exist for the food, farm and agrifood sectors? That is before we even move on to rural development. Genuinely, I do not know where we are going.

**Mr B Bell:** As I say, that comment about the uncertainty was made at our executive meeting last night. Possibly if you had asked people the referendum question three or four years ago, you would have got a different answer. I think that the agri-industry has been in crisis for the past 18 months, and a lot of people decided that the system was not working. It was a bit of a knee-jerk reaction.

**Mr McGlone:** A knee-jerk reaction to the world economic climate as opposed to just the EU.

**The Chairperson (Ms Dillon):** Sorry, Patsy, we are asking members to remain on one question, just to give as many people as possible a chance, and also to keep questions brief. There should be no statements, just questions.

**Mr McGlone:** Sorry, Linda.

**Mr Ford:** Barclay, you talked about production support being a key income source for farmers. Some of us would also say that agrienvironment schemes produce goods that are appreciated by the wider community. Given that those who campaigned for Brexit have no plan A at this stage, how far has the thinking of the union gone on how different schemes might develop?

**Mr B Bell:** That is where we kick off next Wednesday when we pull all our chairmen together. There is an acceptance in the union that environmental issues will not go away. We will have to face up to them, and there will be some sort of hybrid model where you will see crossover between environmental and direct support. Much of the work of the sustainable land use group chaired by John Gilliland, which would have been geared very much towards EU funding, may well cross over. That is what we want our committees to discuss. There is an acceptance throughout agriculture that what is good for farming is good for the environment and vice versa. We have to build those linkages as well.

**Mr Swann:** Barclay, you said that the reliance on direct funding was down to Whitehall. The Secretary of State made it very clear yesterday that it will come as a payment to the Northern Ireland Assembly. Agriculture will compete with hospitals, education and everything else for that money. What conversations have you had to date with our Agriculture Minister or Finance Minister to put your case forward at this early stage?

**Mr B Bell:** There has been one brief meeting, and it was just about getting initial thoughts. Nothing has been thrashed out. Our impression was that there was a commitment from the Minister of Agriculture and the Minister for the Economy to work together on this, as they realise that so many jobs are dependent on the agrifood processing sector in Northern Ireland. It is one of the key industries, and it has to be supported.

**Mr Swann:** Is the Minister of Finance involved?

**Mr B Bell:** No.

**Mr Swann:** Just the Minister for the Economy and the Minister of Agriculture.

**Mr B Bell:** Yes.

**Mr Swann:** You have not had any contact with the Finance Department?

**Mr B Bell:** No.

**The Chairperson (Ms Dillon):** I welcome Michael Clarke and Jim Carmichael from the Northern Ireland Agricultural Producers Association (NIAPA). I will allow them to make a short presentation; they have three minutes for the presentation and then we can continue with questions. I know that you have a question, Sydney, but if you do not mind we will have this presentation first and then continue with questions. We have to be finished by 10.40 am, so, again, I ask members to keep their questions brief and ask witnesses to keep their responses brief.

**Mr Michael Clarke (Northern Ireland Agricultural Producers Association):** First, I apologise. There has been a mix-up in the times; we were of the opinion that we were due to start at 10.40 am. Possibly, that is our fault. Thanks for the opportunity to address you.

There are broad concerns expressed in our initial submission. We wish to ensure the long-term future of our industry and security for the next generation who will inherit farm businesses. From a farm-income perspective, we are acutely aware of the impact of farm subsidies on businesses. Take 2015: £183 million was made from active farming compared with £236 million from subsidies. Eighty-seven per cent of the average farm business income came from direct payments from the common agricultural policy (CAP).

We are in the unfortunate position of having to depend on subsidies to maintain our industry as farm-gate prices bear no relation to the cost of production. Farmers would much prefer to receive a realistic price for their produce than depend on subsidies. Given our dependence, however, after the Brexit vote, we must have concerns about the long-term future of farm-support measures.

Much has been said about the fact that the money saved by the UK could be redistributed, but we do not know how much that might be or the pro-rata distribution. Taking into consideration that Northern Ireland receives more per hectare than other UK regions and the fact that there will have to be a renegotiation, there is a distinct possibility — even probability — that we will face a reduced budget from the UK. We need a coordinated negotiation in Northern Ireland, with the understanding of our industry, to achieve the optimum result. What is needed is an unequivocal statement from our Minister in DAERA to inform us of where exactly we stand with our present budget under CAP. We hear that CAP support is guaranteed until 2019, but what about the review in 2017? It has been said that a weaker sterling will assist our exports, but what about imports of feed, fuel and fertiliser?

A major cause for concern is that we knew of CAP reform and were in need of new environmental schemes and capital grant schemes, etc. It took so long to finalise details of new proposals and the implementation of projects, for example, in the present CAP. Approximately one year will have elapsed before farmers can apply for any of the new schemes. Agriculture is in such a precarious state that we cannot allow time lags in negotiations for the future. At present, some second-stage appeals are taking almost three years to reach panel hearing stage. We could have totally exited Europe while some producers might still not have a resolution to a previous problem. We need to know the potential impact of Brexit on areas of natural constraint (ANC) payments and also on the rural development programme, which is a big source of income to our areas. That is our opening summary.

**The Chairperson (Ms Dillon):** Thank you very much, Michael. I will continue with the members who indicated that they want to ask a question. Please indicate who you want to ask your question of.

**Mr Anderson:** Thank you, gentlemen, for your presentation. Barclay, you told us that your executive had a meeting last evening.

**Mr B Bell:** Yes.

**Mr Anderson:** There was uncertainty coming through at the meeting, but it is to be expected that you will get uncertainty. You also said in your presentation that you are looking for continued direct

support to farmers, and we heard that this makes up 87% of farm income. You want help with opening up new markets, and you want initiatives such as the farm business investment scheme to continue. There has been a lot of doom and gloom since the referendum vote. You have heard that from certain quarters; we have all heard it. I do not see it as doom and gloom. Prior to the referendum and the recent Assembly election, I spoke to many farmers, and I can assure you that most of them wanted to see change and an exit from the EU. That is what they were telling me. Do you agree that the vast majority of farmers see this as a great opportunity to re-establish farming as a viable industry? Do they see it as an opportunity to bring forward some of the issues that you have talked about this morning?

**The Chairperson (Ms Dillon):** I ask that the response be as brief as possible because I think that both organisations should get an opportunity to respond.

**Mr B Bell:** I think that whether you were inside or outside the EU, farmers all round accepted that change was needed. Those who wanted to remain wanted to see change in the structures of the EU; others wanted out to do it in a completely new way. There were mixed views in our organisation. I would not say that every farmer wanted to leave. As I said, there was a diverse range of views in the organisation, and it is such a complex discussion with complex arguments. There were arguments for change in the EU, and there were arguments for change outside it. I think that that is a summary of where our organisation is.

**Mr Anderson:** Do you agree that it should not all be doom and gloom and that this may be an opportunity to change things and put them back on a good footing?

**Mr B Bell:** First, the huge uncertainty is what people are worried about. At our executive last night, people wanted answers, but we do not have answers at the minute. Yes, there may be opportunities, but there are also huge challenges. The number-one challenge is the direct support and the question of whether we will have that pot of money. We will probably see Scotland thinking that they should be getting a bit of our money. There are concerns. It is not all that we are sailing into the New World.

**Mr M Clarke:** As Barclay said, we have different views. By and large, we are dependent in that 87% of our income is made up from subsidies. Can anybody here tell me that Westminster, with its history of not even agreeing with CAP, will subsidise that to the same extent? They do not even agree that that type of farming is value for money. I would love to think that we could do without that, but, until we get a guaranteed price for our produce and a profit, that will not happen. I do not know where these farmers are coming from if they think that they will be better off. I would love to see it — hopefully — but, looking back, Westminster never really supported CAP.

**Mr Jim Carmichael (Northern Ireland Agricultural Producers Association):** I will say a word there, too. In the paper that we put forward we talk about the viability of farms: if farms are not viable, people will not continue in agriculture. There are two sources of income for farms: market returns and financial subsidies, which some people might refer to as social payments. Farmers would much rather get a return from the marketplace, but we are where we are. We have had our vote. If it means that somebody somewhere will come up with new markets, that has to be researched. The price received for produce or any agricultural commodity at the minute does not give a return to let people continue.

As Barclay said, we have had the same discussion with our committees. There is uncertainty about how to replace what is there in the short term and how to get markets to cover all this in the long term. That is what has to be looked at. From our perspective, the MLAs around this table have to get together to try to get some sort of deal from the UK so that we can replace or have something to work on until such times as markets can sustain the agriculture industry. At present, it is obvious to anybody dealing in agriculture as a business that the marketplace is not giving the returns to sustain the industry.

**Mr Anderson:** I just have a comment —

**The Chairperson (Ms Dillon):** Sorry —

**Mr Anderson:** It is not a question. Really, you are agreeing with what I am saying. We are in the EU. The farming industry right across all sectors is in a bad place. What you are saying this morning is that if we stay in the EU, we could be no better off. What I am saying is this: here is an opportunity. In my discussions with farmers all across the industry —

**The Chairperson (Ms Dillon):** Sorry, Sydney, but we do not have time for statements. We need to allow everybody an opportunity to ask questions.

**Mr Anderson:** — they said that they see this as an opportunity. All I am saying is that it is an opportunity.

**Mr McKee:** If you listen to the radio you often hear farmers being condemned for the single farm payment money. Then, it would have been thrown back to the consumer that the single farm payment is keeping the price of your loaf down to £1 when it could be £3. With regard to getting a return from the marketplace, will that mean an increase in the price of the food on the shelves? Is that what it will eventually mean?

**Mr B Bell:** Listening to some politicians on the mainland, you will have heard them talk about the price of food even coming down. I do not honestly think that you will see food prices rise. We have a cheap food policy, and I reckon that it will be here to stay.

**Mr McKee:** But that is only on the back of the single farm payment.

**Mr Wesley Aston (Ulster Farmers' Union):** That is in relation to the market. Irrespective of the support arrangements, the market will dictate what happens, whether it be imports or locally produced products. What we have to look at is what the market will return. We want to improve it; we want to have other market opportunities. Equally, while we are not making money on what we produce, we need some form of support to bridge the gap, whether from Europe or the UK. That is the important thing. We have to secure that funding. We have to look at how it is distributed across the UK. Then, we have to reshape it based on what we need here to try to minimise bureaucracy and all those sorts of things as well.

**Mr M Clarke:** We do not agree that prices would have to rise. We think that there is enough room for manoeuvre in the price between the farmgate and the consumer for everybody to get a fair share. We believe that the supermarkets and, to a lesser extent, the processors are taking too much. For example, an animal killed at £1,200 to the farmer is netting £2,800 inside a month, say. Surely there is room for everybody to get a cut of the cake. We are just not getting enough of it. We are at the behest of the people above us. It is false to say that food prices would have to rise enormously just because farmers got a better price.

**Ms Archibald:** I think we all do accept that there are major challenges and opportunities that can be explored. You mentioned the need for a marketing body, and I agree that that is necessary to try to exploit some of those opportunities. You also mentioned the need for a better return on product and stuff like that. Do you see a role for the supply chain forum in that, or an expansion of that type of discussion forum to try to improve the return on product?

**Mr B Bell:** The supply chain forum has met a few times. I would like to see it make more progress. Another area that maybe would help in all of this is public procurement. Let us support local produce going into the health service or wherever. I would like to think that that could be pushed up the agenda — that more of our own food would be going into public procurement. That could have an effect — not a huge effect — on better demand for local produce. We need to see some sort of results out of the supply chain forum if it is to be of any real value.

**Mr Carmichael:** I agree. At the end of the day, if we are going to set up a forum, a talking shop or whatever you want to call it, we need to see results. As we said in the paper, it is the same that is going forward from here today. We seem to take that long here to react and respond to anything that is happening. As Michael Clarke said earlier, we knew reform of the CAP was coming every so many years, yet we never seemed to be adequately prepared. We were not prepared to come in immediately when funding was available for anything, and we cannot allow that to happen going forward from here. We know that there have to be changes; we need to look for changes. Committees are being set up here, as far as I am aware. I agree with Barclay: if we are going to have a food chain forum and so on, we need to see results from that, or at least concepts or ideas.

**The Chairperson (Ms Dillon):** Edwin, we are just asking for questions for be kept brief because we have to finish here at 10.40 am, so that allows the responders time to respond.

**Mr Poots:** I have to say that the farmers' union was badly out of touch on this issue. I got that around the doors over and over again. What are the unions now going to do to take advantage of the lower pound in ensuring that milk and beef prices, and pork prices in particular, actually get a push up? What is happening with the processors? What are you doing about looking at how we can move away from the regulatory system that has been imposed upon agriculture as a result of the European Union, and identifying how we can meet good standards for supermarkets, but not the nonsense of standards that were imposed upon us by the European Union?

**Mr B Bell:** Starting with your last question about standards, I was speaking to a vegetable grower the other day and his very words were that it was not EU regulation that set the standards as far as him supplying vegetables to the supermarkets went. It was the retailer who drove those standards.

**Mr Poots:** I am not talking about them. We are talking about the standards like having to clean out drains and getting permission to cut a largish overgrown shrub, and so forth. There are a load of standards there that supermarkets do not apply but that Europe does, so can we stick to that, Mr Bell?

**Mr B Bell:** We can talk about any sort of standards, but —

**Mr Poots:** The ones that we can deal with, though.

**Mr B Bell:** I am not sure. It would be very wrong of all farmers to think that regulation is going to disappear. There will be regulation. When you do look at even the Norwegian model, every standard in Norway — bar, maybe, the water framework standard — is a higher standard than within the EU. Farmers could have false expectations in all of this. We reckon that the regulations and standards are here to stay. It will be different — the bureaucracy may look simpler, and we would like to think that the like of things such as the three-crop rule greening might disappear. Going back to your question on the falling pound and everything else, we have to accept that it is only Thursday, and the result came out last Friday. We cannot do everything in a week, but the unions will progress as quickly as they can on all these issues.

**Mr M Clarke:** A lot of the environmental regulations and all that are good. Europe had brought them in, and a lot of the time we, along with the farmers' union, have been fighting against them. This is not new. We have been fighting against them, but unfortunately some of them that come here are locally gold-plated and enforced more than they need to be. To answer Edwin's question about the standards in food, a lot of those, as Barclay said, are falsely imposed by the supermarkets. They say that is what the consumer wants, but both of us had a big campaign here against the four movements, which was brought in not by Europe, but by the supermarkets. They said it was what the consumer wants, but there was no research ever done with consumers. This is all falsely imposed by the supermarkets to try and fit their market and drive down prices for the farmer.

**The Chairperson (Ms Dillon):** Thank you. We are running out of time. I know that you wanted back in, William, and so did Oliver. Unfortunately, we have a lot to get through this morning. That does not preclude you from putting your questions in writing, and Stella will certainly get a response to any questions that we have. I am sure that this will not be the last time that we meet with you on this issue, so thank you very much for coming and making your presentations. Maybe next time we will have more answers, from both sides. Thank you.