



Committee for Agriculture, Environment and Rural Affairs

OFFICIAL REPORT (Hansard)

Strategic Priorities: Miss Michelle McIlveen
MLA (Minister of Agriculture, Environment
and Rural Affairs) and DAERA Officials

15 September 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:

Miss McIlveen	Minister of Agriculture, Environment and Rural Affairs
Mr Norman Fulton	Department of Agriculture, Environment and Rural Affairs
Mr Noel Lavery	Department of Agriculture, Environment and Rural Affairs

The Chairperson (Ms Dillon): I welcome Minister McIlveen to our Committee meeting. She is accompanied by Noel Lavery, the permanent secretary, and Norman Fulton, the head of the food and farming group. Louise Warde Hunter, the head of the central services and rural affairs group and Mr Graeme Wilkinson, the finance director, will be in the Public Gallery and can be called forward if necessary.

Minister, I ask you to keep your presentation as brief as possible to give members the best opportunity to ask questions. I have said that we will allow every member at least the opportunity to ask one question. Thank you very much.

Miss McIlveen (The Minister of Agriculture, Environment and Rural Affairs): Thank you. Chair and members, thank you for the opportunity to meet you today. I propose to make some brief remarks about my priorities and will be more than happy to take questions following that.

Since taking up post in May, I have reviewed my portfolio and strategic priorities to achieve my vision of a thriving and sustainable economy, environment and rural community in Northern Ireland. I have met a broad range of agricultural, environmental and rural stakeholders, as well as a number of other Ministers. I spent the summer touring rural shows, which gave me an excellent opportunity to speak to

farmers, rural businesses and rural dwellers throughout Northern Ireland. As members will appreciate, a vision is one thing, but achieving it will require a different approach from that which has gone before, particularly given the constrained financial environment ahead of us. I also believe that the Committee has a role to play, particularly given the significant policy considerations that lie ahead.

My priorities fall within three broad objectives: to deliver profitable agrifood, fisheries, forestry and industrial sectors; to ensure that we have a clean, healthy environment that benefits people, nature and the economy; and a thriving rural economy that contributes to prosperity and well-being. I believe that all three of those priorities are interlinked and interdependent.

On my first priority — profitable agrifood, fisheries, forestry and industrial sectors — my focus will be to improve the economic performance of businesses. The agrifood sector plays a pivotal role in the local economy, with an annual turnover of almost £5 billion and 20,000 employees. Despite the difficult trading environment over the last 18 months, there is significant potential for further growth in the sector. I support the targets set out in the 'Going for Growth' strategy, and delivery of the strategy's agreed actions remains very important to me. Over the coming weeks, I will announce the opening of the capital element of the farm business improvement scheme, which I believe will help to grow the sector sustainably. I stress, however, that the growth needs to be sustainable. There is no point in producing more if the market is not available for it. I aim to bring a sharper focus to government's role and adopt a more collaborative approach across government and with industry. The Economy Minister and I met the Agri-Food Strategy Board last month to reinforce our commitment to the agrifood sector and outline our expectations for the remainder of the board's future.

I am acutely aware of the challenging market conditions that farmers have faced over the last few years, particularly with the fall in farmgate prices for milk, livestock and cereals. Whilst the vast majority of the factors contributing to the continuing low prices are outside the control of the Department of Agriculture, Environment and Rural Affairs (DAERA), it will continue to do all that it can to assist farmers and help them to cope with future market volatility. I will ensure that, from October, we will issue a 70% advance in basic and greening payments to eligible farm businesses for which all the checks have been completed.

I recognise the importance of research in helping us to achieve the strategic goals that I have prioritised. Over the next two years, I intend to commission over £7 million of new research work from the Agri-Food and Biosciences Institute (AFBI) and our local universities. That will be done in collaboration with other institutes across the world and will allow us to access important research with a value of over £30 million.

I hope to receive in the autumn the TB strategic partnership group's eradication strategy and implementation plan to progressively reduce TB levels in cattle here and, ultimately, eradicate the disease from cattle production in Northern Ireland. That will require difficult decisions, but I want Northern Ireland to have cattle and wildlife populations that are clear of the disease.

On my second priority, which is to ensure that we have a clean, healthy environment that benefits people, nature and the economy, my Department will develop and implement policy and legislation to regulate, educate and incentivise organisations, businesses and individuals to protect and improve the natural environment. That will include an environmental farming scheme and a programme to streamline and transform environmental regulations and to look for opportunities to work in partnership to meet both environmental and economic needs.

My Department is also exploring the most effective and efficient way of delivering environmental advice to our customers in order to comply with legislative requirements to deliver environmental outcomes and to enable businesses to be profitable and sustainable. Where possible, we need to provide assistance and guidance to ensure that we help to improve the environment.

My third priority is a thriving rural economy that contributes to prosperity and well-being. Almost 40% of the population in Northern Ireland live in a rural area, and I will ensure that the needs of those living in rural areas are articulated around the Executive table. My focus will be on ensuring that we support local businesses to get going and to start growing. I would like job creation to be the cornerstone of our programmes.

You will be aware that I am moving DAERA posts to Ballykelly with the intention of stimulating the local economy through increased local spending and the provision of high-quality and high-value public-sector jobs, including those associated with the construction of the new building. It will also help to share wealth across the economy and contribute to better balanced economic growth by

commencing to address disparities in the distribution of public-sector jobs in Northern Ireland. I am considering the transition plan to ensure that it fully addresses the knowledge and skills needed to meet the challenges that I am outlining to you today.

I want to talk briefly about Brexit. Since the referendum in June, we have seen a positive impact on the Northern Ireland agrifood industry. There has been a significant depreciation in the value of sterling compared with the euro and the dollar, which is beneficial to exporting companies. As a result, there has been an improvement in the price of sheep, cattle and milk for local farmers, Northern Ireland goods are more competitive in export markets and food products coming into the UK are more expensive than local products. More visitors and shoppers are coming to Northern Ireland and, in particular, our rural towns and villages. The devaluation of sterling is also likely to have a positive impact on the value of basic farm payments. If there is no significant movement in currency exchanges for the remainder of this month, the total value of 2016 basic and greening payments is likely to be 15% greater than for 2015, which I am sure everyone will welcome.

Significant work has been undertaken on Brexit to establish the necessary governance arrangements and scope out the programme of work that lies ahead. We have also been giving initial consideration to some of the practical implications, such as funding the Department's legislative portfolio and, most importantly, engaging directly with our counterparts in England, Scotland and Wales. Close working relationships will be imperative as we seek to realise the benefits of developing our future domestic policies.

Members will be aware that, in their letter to the Prime Minister last month, the First Minister and deputy First Minister set out clearly the importance of trade and EU funds to the Northern Ireland economy. In particular, their letter highlighted the agrifood industry as a key issue in the negotiations, reflecting that the sector, including fisheries, represents a much more important component of our regional economy than it does for the United Kingdom as a whole.

Over the past weeks and months, I have had the opportunity to meet a number of Ministers, as well as the EU agriculture commissioner, to discuss some of the important issues that need to be resolved in the months ahead. I have also met the Chinese and US consul generals to seek their support for our market access aspirations for pork and beef. I plan to visit China in the near future to continue building our relationship and to ensure that the Northern Ireland agrifood industry is highly visible in the international marketplace.

I met George Eustice for an early useful discussion in the immediate aftermath of the referendum result. I have also met Welsh Minister, Lesley Griffiths, the Secretary of State for Northern Ireland, James Brokenshire, the Secretary of State for Exiting the European Union, David Davis, and Michael Creed from the Department of Agriculture, Food and the Marine (DAFM). I have also had the opportunity to speak to the Secretary of State for Environment, Food and Rural Affairs, Andrea Leadsom, and look forward to future engagement with her.

In addition, I have established an advisory committee to assist me in the process of identifying sector-specific issues or challenges, as well as potential opportunities arising from Brexit. The group was jointly chaired by me and the Economy Minister, Simon Hamilton, and includes representatives of farm organisations, the environmental sector, the fishing sector and food processing organisations. We held our first formal meeting earlier this week, and I was greatly encouraged by the contributions made by members, as well as the commitment that they demonstrated to ensuring that we achieve the best outcome for Northern Ireland as we leave the European Union.

First and foremost, my priority is to preserve vital financial support for the farming and fishing sectors. We will continue to roll out the various programmes in the rural development programme, taking advice and guidance from Treasury as necessary. Secondly, I am acutely aware of the importance of the agrifood sector to the economy in terms of turnover and total employment here. I want an agricultural policy framework that underpins sustainable growth and the competitiveness of the agrifood sector. Having met farmers and fishermen, I am aware of the continuing difficulties that they face due to multiple factors, not least price volatility. That is clearly not a sustainable position, and I will consider whether alternative interventions can bring about a positive change for all sectors of our agriculture and fishing industries. We also need to protect and enhance the natural environment. Taking control of our policies and regulations provides the opportunity to make a positive difference, and I will seek to deliver improvements in environmental regulation. Thirdly, we must ensure our continued ability to trade effectively and profitably, inwardly and outwardly. The agrifood and drinks industry has a high dependency on external markets; it is, therefore, vital that we get the best deal possible for Northern Ireland as the UK negotiates the terms of its exit. I want to see open trading

arrangements continue with existing markets and a much more progressive approach to developing new markets across the world. I want to ensure that we deliver against our strategic outcomes and financial plans as originally envisaged and are not deflected during this transitional period.

In summary, there are many challenges and potential opportunities for the agriculture, fishing and environmental sectors. I very much look forward to helping those sectors to achieve real progress and make a difference to Northern Ireland. Chair, that concludes my introductory remarks, and I am happy to take questions. Thank you.

The Chairperson (Ms Dillon): Thank you very much, Minister. I have a couple of comments. I am glad to hear of the focus on the sustainable, because one concern of the stakeholders whom I met was that some type of concentration on productivity would be linked to the future single farm payment, which would not be sustainable. That is a big fear in a lot of sectors.

You talked about the positive impact on the price of beef and pork: that is certainly true, and I have heard that from stakeholders. Sheep feed mainly on grass, but the concern of farmers who have to buy in feed is that any gain is outweighed by the fact that the price of feed is going up. That needs to be looked at because, in real terms, there is no actual gain.

The British Government have guaranteed the single farm payment but have made no reference to the six priorities in pillar 2, concerning rural development funding. I have major concerns about what will happen to our rural development funding. What will happen to rural dwellers who have benefited significantly from that funding over the last number of years? There is still a massive gap between services to rural and urban dwellers. I certainly do not believe that the gap will be made up by what was the Department for Social Development (DSD) and is now the Department for Communities; it never was before. There never was a focus on the rural. If we do not focus on the rural, nobody will. I have massive concerns about how rural schemes will be funded.

You issued a statement on ensuring that the environmental farming scheme (EFS) would be funded, but will you clarify how that will be done? My main concern at this time is that there does not seem to be any commitment from anywhere. There is probably even a gap in your presentation today: how will rural groups and networks be funded and looked after in the future? I have major concerns for our rural dwellers. It is all very well to say that we will have a good economy in rural areas, but we will have people moving out of rural areas because there are no services. Without services for people raising families in such areas, there will not be any economy — there will not be anything. The Ulster Farmers' Union raised the issue that young people did not want to take on farms. They definitely will not want to take on farms and remain in rural areas if there is nothing there for the families that they are raising. I have major concerns about that.

Miss McIlveen: I appreciate your concerns and the fact that you think that my references perhaps lean heavily towards one aspect of my Department. I take my duties across the Department seriously, including those that relate to the agriculture sector, the environment sector and rural communities. All of us around the table represent rural communities, and we share those concerns and have issues relating to them. We can take an element of comfort from the Treasury statement on funding through to 2020 and the programmes involved in that. Obviously, there will be much more clarity on that when the autumn statement is presented to us. We cannot take away the impact of the agrifood sector and the economy around it. It has an impact on and links to our rural community. As farmers and their families have a better cash flow, they will spend in those communities, so it is important that we keep those businesses vibrant.

The issues for rural communities are very much cross-departmental. You referred to DSD, now the Department for Communities, but it is further-reaching than that. Around the Executive table, we all have responsibilities, and we now have the Rural Needs Act (Northern Ireland) 2016, which all Departments, as well as councils, will look to. It will be a partnership as we go through the process. It will be much clearer once the Brexit negotiations begin, and we can then start to look at the policies in our Department.

Agriculture is a big issue — we cannot deny that — as is the spend in local businesses. There are things that we need to do and that the Committee needs to do in engaging with the local groups. I have had good meetings with the Rural Community Network and the Rural Development Council, and, while they face funding challenges, they will also see opportunities as we go through the process. The Department has the tackling rural poverty and social isolation (TRPSI) fund. You will be aware that £4.3 million is going into assisting rural dwellers this year. I recently announced the micro grant scheme, which is also for communities, and there are opportunities there for groups to access up to

£1,500 to grow capacity in preparation for what comes ahead. I had a conversation with the Finance Minister this week about looking at a rating review. I am keen to look at village renewal and the opportunities there. I am sure that some members will be conscious of the local action groups (LAGs) and the LEADER programmes, and we are working towards getting letters of offer out to them. The cornerstone of that will be job opportunities and creating opportunities in communities so that, once the challenges are presented to us, we can work through them.

The Chairperson (Ms Dillon): I appreciate that. I am not sure that I am confident, given that there is no guarantee from the British Government. They have given a guarantee on the single farm payment, but everything else is very loose, and they have not given any guarantees about rural development funding. I still have major concerns. I accept that what the agri-sector brings in finance, jobs and money is extremely important, but only 5% of our rural dwellers are farmers. We need to look at a much wider scope. I am still massively concerned about the rural development funding. It has brought benefits to the communities, but there is still a big gap.

I will not ask another question, because I want to allow others in, but I will make a comment. At your meeting with the Finance Minister, it may be worth raising the issue of the review of the statistics and how that is done, because of the concern that rural elements are not taken into account when looking at the NISRA stats.

Miss McIlveen: It may be helpful to know that I raised that with the Minister of Finance, and he is to get back to me. I was keen to promote that, along with issues on the rating system. I remind colleagues of their rural needs obligations at every opportunity.

The Chairperson (Ms Dillon): My last point is that, while the Rural Needs Act is brilliant and I am glad that we have it, the Department should be engaging with councils now. The Act does not come in until 2018, but the community plans are already in progress. It is incumbent on the Department to ensure that councils are already rural proofing their community plans. However, unless finance comes with that, of which we have no guarantee, there will be a challenge for local government.

Ms Archibald: I thank the Minister for her time this morning and for her presentation. I have been on the Committee only for a couple of months, and it has definitely become apparent that members have a strong interest in and affinity for the various facets of the Department. I speak for myself, but, going forward, I think that there will be a genuine desire to support and contribute to your work and that of the Department, and I look forward to more of this type of engagement.

I will stick to one question. As mentioned, there are three distinct but interlinked sectors in the Department. The Brexit consultative committee is a positive step in facilitating engagement with stakeholders, but there seems to be no representation from the rural sector. Concerns have been expressed to us about that, and the statement issued did not mention rural sector groups.

Miss McIlveen: In relation to the Rural Community Network or —

Ms Archibald: Yes. Do you intend to bring them on to that committee? How do you intend to work with them to have their concerns and issues addressed going forward?

Miss McIlveen: That committee was very focused on the agrifood sector. It emanated from an initial meeting that I had post the referendum, when I pulled together a number of people to get a sense of their immediate reactions to Brexit and what their issues were. Given the success of that meeting, I wanted to formalise that. That has broadened slightly, and I have representatives from the Ulster Farmers' Union, the fishing industry and so on. Environment Link is included as well. However, the focus was primarily on the agrifood sector, trading and the particular challenges that were probably quite uniform around that table.

I have had very good meetings with Teresa Canavan and Kate Clifford in the last number of days. I assured them that, as we work through this process, I will continue to engage with them, as will my officials. Similarly, with the environmental sector, because only Environment Link was represented at that table I met a broad range of stakeholders. I also assured them that, as we work through all this, no one will be excluded and they will have conversations with me directly or certainly with officials. We will set that up as time goes on and we become more aware of what the issues are and how we need to react to them. No one will be excluded.

Ms Archibald: It may be just the optics of it. That is the departmental consultative committee, but there was no representative.

Miss McIlveen: The focus was very much on —

Ms Archibald: Yes, I understand that.

Miss McIlveen: — the agrifood and environmental side. I will take what you say on board. It is not to exclude anyone; there will be other forums for them.

Mr Irwin: I thank the Minister for her statement. I also congratulate her on the large number of shows that she attended across Northern Ireland. That was invaluable, and I am sure that she found that meeting the people on the ground gave her an insight into the grass-roots issues.

I get daily phone calls from farmers about the farm business improvement scheme, which will give an important boost to the local economy. When does the Minister intend to open the scheme? Will she give an assurance that the scheme will be as practical and workable as possible? Sometimes, a concern for farmers is that there is too much red tape involved.

Miss McIlveen: I appreciate that. After coming into the Department in May, I found the shows invaluable in enabling me to spend the summer meeting communities. I got so much advice — it was incredible. I am not sure that officials appreciated the words of wisdom that I came back with, but it was useful for me.

Next week, we will launch the preparation stage of the capital component of the farm business improvement scheme, and that will provide information on the scheme. That has been trailed now for quite a time. Through the conversations that I have had with banks and so on in advance of this, I know that they are more than aware of the scheme and are able to prepare farmers in advance of it through the farm business groups. The scheme opens formally in October. It is based primarily on capital investment support, future-proofing and making sure that we have modern infrastructure and our businesses are fit for purpose as we move through this. It will be a two-tier scheme. The first tier will be much smaller investments of up to £30,000; the second tier will be transformational programmes that can be over £30,000. It is targeted to improve on-farm resource and to look at animal and plant health and at health and safety on farms. There are various elements within that, but it is about trying to make a change on farms to make them sustainable and productive. I hope that they are farmer-friendly, but advice will be given by our officials.

The Chairperson (Ms Dillon): Before we move on, I remind members that, if their phone is sitting on the table close to the microphone and is buzzing, the noise can cause interference.

Mr McGlone: Minister, thank you for being with us here today. The big concern that I hear when I am out and about is guarantees: what guarantees can you give us that farm incomes or income streams to community and voluntary groups, be they environmental or rural development groups, can be sustained and will be maintained at previous levels?

I see that the environmental farming scheme will open in February. That was worth an awful lot to farmers — I think that it was £180 million. It is a valuable scheme and a valuable form of income to them. It is not covered by the Chancellor's promise to fund fully EU schemes signed off before the autumn statement. Is there a particular reason why it seems to have been singled out above all others and does not seem to have met or fulfilled some criteria for the Chancellor?

Miss McIlveen: There are two points to your question. I will look at the guarantees. No one is in the position to guarantee after 2020, even if we were still in the European system, so I welcome the Chancellor's statement on guaranteeing payments to 2020.

As I have said about other schemes, the environmental farming scheme is a legacy that I inherited. I have tried my best since coming into the Department to move things on as quickly as possible, hence the progress on the capital element of the farm business improvement scheme. Two days ago, I announced the maritime and fisheries scheme. The EFS is falling slightly behind with its announcement and will not now open until February, which is not what I would have liked. I spoke to environmental groups last week and announced to them that it would be February. Had it been possible to open it in advance of that, I would have done so, but it has allowed us the time to make

sure that we have a programme that is fit for purpose and will satisfy the environmental objectives that we need it to meet. That said, the scheme is worth £100 million, so it is not insignificant, but I want to ensure that as many people as possible take it up. That has probably been the problem with previous schemes: they might not have been as easy for people to get involved with.

There will be three areas that can be applied to: a broader farming scheme that groups or organisations can apply to; an individual scheme for farmers; and a scheme for groups that I will want to encourage. There are good examples of groups that have been able to do really good work, particularly around riverbeds and riverways, and they have been able to work together. A particular example of that is the Ballinderry Rivers Trust, which I have had the opportunity to speak to. The really good examples of what has been done can be used as a format as we move forward through the scheme. I am disappointed, as I know the groups are, but there is still an opportunity for us to ensure that as much money as possible can be spent in advance of our exit from the EU. With this type of scheme, the capital element can be spent early on, and the lag will not be just as great. We can then have a conversation with the Department of Finance about delivery.

Mr McGlone: I want to pick up on something. You say that it was a legacy that you inherited. Was something not done that should have been done to ensure that the funding was drawn down or will be available in the future? Did something not square with the Treasury or the Chancellor's edict here?

Miss McIlveen: I came into the Department in May. As for the priorities before then, obviously, there had been an election and someone else had been in my seat at that stage. All I can say is that since I have come in I have tried to ensure that we have been able to move through business cases as quickly as possible. I have to thank the Department of Finance for assisting us with the work in getting business cases through and for working closely with my Department to ensure that we get the programmes out as early as possible. I reiterate that I am disappointed that the environmental farming scheme has not been rolled out as quickly as possible. We have been working to ensure that it is a piece of work that more people can get involved with.

Mr Poots: I welcome the news that 70% of the single farm payment will be paid out in October. For quite a number of years, people have called for that to happen, and for quite a number of years we were told that it could not happen. How confident are you that it can be achieved and that the farming community can receive 70% of the single farm payment in October? This is the time when people have to pay for their conacre, and they have a lot of bills to be settled, so it certainly would be useful if this could be achieved.

Miss McIlveen: We are the first region in the United Kingdom to introduce advance payments. At the beginning of July, I announced that I wanted to be able to do that. At that stage, it was up to 50%. I welcome the commissioner's announcement that we can move to 70%. I have been to Orchard House and met our staff there who, by the way, are working incredibly hard to get the payments out to farmers. They are under a great deal of pressure, given that the voluntary exit scheme hit them particularly hard. I cannot give you a guarantee that we will get all the payments out on the very first day, but we hope to get as many out as possible in the first week or so after the scheme opens on 16 October. I am very conscious of the need for it in the farming community. People have welcomed it, and it will assist with cash flow, which will then help them to deal with issues such as debts, feed and so on. All these things are of benefit to the farming community.

The Chairperson (Ms Dillon): On what you are saying, Minister, one of the issues raised by the UFU is that farmers are not able to pay their debts, their feed and all those things because the minute the single farm payment goes into the bank, the bank takes its share for what it is owed. Have there been any meetings with the banks? I know that the previous Minister had meetings with the banks on these kinds of issues.

Miss McIlveen: I met with all the banks in the early part of the summer. If there is an issue as we move forward through this, I am happy to meet the banks again.

The Chairperson (Ms Dillon): OK. I know that this was raised as their main issue, that a lot of merchants are not being paid because the banks are taking their share.

Mr Anderson: Minister, thank you for coming along today and for your presentation. Like my colleague William, I thank you for getting out and about at rural shows, for hitting the ground running and for communicating with the rural community. We appreciate that.

I want to come back to the funding for the rural development programme, which the Chair touched on. I know that she has some doubts around guarantees and such like. I note your comments that you met the Rural Development Council (RDC) and the Rural Community Network. As someone who sat on the RDC and the local action groups (LAGs) for a number of years, I know that there were great difficulties in getting money out at ground level. It seemed to logjam in different places in previous programmes. Programmes were coming through and were asking for so much, but the money was not getting out. Can we ensure that any funding going out now will be well-policed and will get out?

Miss McIlveen: If there are issues, they should be raised at the early stages, either with me or with officials. If there are particular examples of that, I am happy —

Mr Anderson: I know that they did hit targets, but some funding groups became frustrated about the hoops they were being asked to jump through etc. When it is more streamlined, and if there are doubts about time lines and things for funding, we need to ensure that this gets out to the ground and that, in working with the RDC and those groups, we do all we can to make sure that that money hits the ground. As I said, that is a concern that I have.

Miss McIlveen: I am not aware of particular issues. Are you aware of something?

Mr Noel Lavery (Department of Agriculture, Environment and Rural Affairs): I am not aware of any. It was an issue in the last programme. If your questions concern the guaranteeing of funding, our view is that we have a letter of offer with the LAGs, and that is our offer. Our point to Finance, and which is being put from Finance to Treasury, is that, therefore, those payments should be guaranteed for the programme. That is our position. Once we get that clarified, then, as far as we are concerned, that is the guarantee.

Mr Anderson: There were issues coming from the Department about jumping through different hoops and ticking different criteria and boxes, that did not seem to get out in the previous programme. Minister, you may not be aware of some of those issues, but they did arise.

Miss McIlveen: If there is something in the future, I am happy to keep an eye on it and relay that back.

Mr Anderson: The rural community is very much lacking in facilities regarding community space and community halls. Do you have any ideas, going forward, to ensure that some funding is got out to ensure that rural dwellers are given some community space and halls? What we have at the moment are church organisations, and such like, looking after the rural community, but there is a great lack of such facilities. In the rural programme, something could go through to help and assist. That did happen in previous programmes.

Miss McIlveen: I am aware of the previous programme and how successful it was. I have asked officials to scope a future halls scheme to see what that looks like. Once I have some more clarification in and around that, I will be happy to discuss it with the Committee.

The Chairperson (Ms Dillon): To pick up on Sydney's point, there was an issue in the rural development programme about the guidance issued by the Department on the basic schemes. That guidance led some organisations to believe that they would not be entitled to apply. As far as I am aware, the guidance has been reissued, but I am concerned about whether groups and organisations have already ruled themselves out of applying because of the original guidance that was issued by the Department.

Miss McIlveen: If you can get that information and the examples of that to me, I will be happy to have it looked at. At the minute, it has not been raised with me personally so I am not aware of it.

The Chairperson (Ms Dillon): I can give that to the Clerk to raise with you.

Mr McMullan: Thanks for your presentation, Minister. In priority 6 on basic services, a reference was made to limited companies. A lot of groups like the Young Farmers' Clubs, which are not limited companies, felt that they were outside that. Can you look at that?

Miss McIlveen: I am happy to do that.

Mr McMullan: I have a couple of quick questions. When will the Rural Needs Act come in? What ongoing discussions are being had with councils about their rural proofing plans being built into their community plans? Can you also give us an update on the Department's progress on a climate change Act?

Miss McIlveen: There are ongoing discussions between my officials and councils on the Rural Needs Act as that is rolled out. I am having discussions with my ministerial colleagues as well, as are my officials with officials in each of the Departments, to ensure that they comply with the Rural Needs Act. I welcome the opportunity to engage with councils, and I will do that as we move through this process. It is a piece of legislation that was obviously required, and that has been underlined by the comments that the Chair made in the early part of this meeting. We will keep that very much to the fore as I move through my time in office.

As regards climate change, Northern Ireland is making good progress in reducing emissions. I will keep the need for local legislation under review.

Mr McMullan: Have we progressed it at all since the consultation?

Miss McIlveen: I have not had any further discussions about that. Noel might be able to give you more information.

Mr Lavery: Through the Programme for Government, we are looking at targets on environmental sustainability. In terms of where we are now, the target for the UK Climate Change Act is to get to 80% in reducing greenhouse gas emissions by 2050. We are currently at 35%. We can give you a more detailed briefing on that.

Mr McMullan: If you would. The consultation was done in the last mandate and we were to move forward on it, but it looks as if we have not. There is a bit of a logjam there. If we could focus on that to see how we can —

Miss McIlveen: I am happy to keep it under review.

Mr McMullan: Did you give me a date for when the Rural Needs Act will come in at local level?

Miss McIlveen: It will be 2018.

Mr Swann: Thanks for your presentation so far, Minister. The EU exceptional adjustment aid scheme is out there at the minute. Will you give us a bit of detail about that, especially where you see the additional moneys going over and above the dairy package support and where we are with Northern Ireland's share of the UK package?

Miss McIlveen: You will be aware that there are two aspects to this. The milk production reduction was €150 million, which was across Europe, and is being administered by the RDP. The deadline for applications to become involved in the scheme if people wish to do so — it is a voluntary scheme — is 21 September. The other aspect of the scheme is the €450 million. We have had conversations with George Eustice, and the indication is that we will get €4·8 million of that package. At this stage, we have had a number of discussions. I met my officials on a number of occasions, and they have also gone out to stakeholders to look at a variety of uses for that money. Rather than putting it out on a per-head basis, we may want to look at a number of schemes to maximise the impact across the farming sector. If Members have any ideas that they want to come to me with, I will be more than happy to look at them. It is still in discussion, and we are trying to make sure that we best use that money to ensure that we maximise the impact.

Mr Swann: Is there a time frame for the €4·8 million?

Mr Norman Fulton (Department of Agriculture, Environment and Rural Affairs): Yes. We have to notify the Commission of our intention by 30 November. That is done at UK level, but there will be regional flexibility in the measures we implement. We have to work from a menu of options in that regulation, so we are working on that. The money has to be spent by 30 September next year. This gives us the timeline that we have to work through to use that funding.

Mr M Bradley: Thanks for your presentation, Minister. I thank you for your visit to the north-west in recent months. I look forward to you coming there again. You said that TB is a particular problem throughout Northern Ireland, but it is even more so in the north-west. What measures does the Department have in store to tackle TB and eradicate it in the north-west?

Miss McIlveen: I have had the opportunity to meet a number of farmers, particularly from the north-west, who approached me. I am very conscious of the problem in that area. I know that a number of you have visited the test, vaccinate or remove (TVR) programme. I had the privilege of doing so when I was on the Committee. I went out again last week and met vets on-site regarding that programme. They are carrying out very interesting work and research that will influence some of the decision-making moving forward.

As you are aware, the TB group is currently meeting and finalising its report. I hope to have that report in the autumn and it will be shared with the Committee at that time. I know the group has plans to present to you. I know there are going to be some difficult decisions to be made regarding this matter. There is a considerable cost to our budget with respect to compensation and in setting money aside we need to ensure we have a healthy badger and cattle population. Moving forward, that needs to be our priority. There is a particular issue in the north-west and there are pockets in other areas as well. What we do on this will become much clearer as we move forward and receive the report from the group.

Mr M Bradley: Thank you Minister. I look forward to that coming back to Committee.

Mr Ford: I welcome the Minister. You have taken over a Department that is an amalgamation of bits of three Departments and is therefore still living through a significant amount of restructuring. This is on top of the loss of staff under the voluntary exit scheme, which, to my understanding, has had a particular effect on some of your specialists such as vets and some people in the Environment Agency. The potential for the movement of the headquarters to Ballykelly is going to create further difficulties for staff expertise and knowledge. How confident are you that the vision you set out across the three areas is actually deliverable given all the constraints that the Department is now working under?

Miss McIlveen: I appreciate that you recognise that there are challenges with all of these things. I am pretty confident that we are going to be in a position where we are going to be able to deliver. I have a very dedicated staff and while there are challenges due to the reduction in staff over the last number of months they are very focused on what they need to do.

As you are aware, there is Executive commitment to progress with the move to Ballykelly and we hope to be on the ground in October. I made it clear from the beginning that I needed time to reflect on how this was actually going to look. I had a number of concerns about Ballykelly as quite a large number of staff in my Department were resistant to go there, and I did not want anyone to feel that they were being made to go. There are quite a large number of people around the Northern Ireland Civil Service who are keen to be located at Ballykelly. While there is an opportunity for us to relocate quite a substantial number of staff to that building, we need to look to the broader Northern Ireland Civil Service, and look at a hub for there, in order to make sure that the building is sustainable. I have spoken to the Finance Minister about this as well. I think that we need to look at this as we plan for the transition to that building. Notwithstanding all the other issues, the fact that we have parts of three Departments together is, in itself, a challenge, but it has not been unsurmountable, and Noel will be able to talk a little bit more about that.

Mr Lavery: Yes, you made a similar point when we were here —

Mr Ford: Today, I am thinking specifically about the loss of specialists especially in the NIEA and in the veterinary service.

Mr Lavery: Yes, and also paying due regard to Norman's team on the agricultural side as well. These are challenges, and I commend the staff for how they stepped up to them. It was about 12% of staff and there was a lot of change. We have looked at areas where we could stop doing things or do things differently. We have our digitisation programme, and we have a change management programme that is looking at all of this. Yes, there are significant challenges and plenty of change going on. However, we are confident that we can deliver for the Minister.

Mr McKee: Minister, you mentioned the importance of fisheries. I am a wee bit concerned at times about UK fishing waters. The EU is pretty much in control of all that takes place there regarding quotas, total catch landed and all those things. Where do you see us going? What discussions have been taking place? You say that we are going into Brexit, that we are leaving and that we are definitely going out. Will there have to be negotiations with the EU for it to leave these waters? EU fishing boats are fishing there. Do we bring our waters back under UK control? What about the boats that fish outside UK waters and in European waters? Can you fill us in on what is taking place there?

Miss McIlveen: I do not know whether it is me who is saying that we are leaving, I think it is now a concluded fact that we are going to be leaving the EU. You will appreciate, as I do, representing a fishing village, that fishermen were very keen to leave Europe and saw the opportunities with that happening. I had the opportunity to visit Portavogie, as I do regularly, and I also met with fishermen from Ardglass and Kilkeel. I spent quite considerable time in Kilkeel talking to people about the various issues and opportunities around this. I spoke with George Eustice when I met him in Europe and we talked about the agriculture and fishing sides. We all recognise that there are going to be challenges. This is probably one of the most difficult things that we are going to have to look at: fishing, the waters and the historical claims on those. This is not going to be easy, but I think that everyone recognises that. I suppose we are looking for the opportunities around that. This is all very much part of the negotiations, so, at this stage, we are not actually sure what it is going to look like. Once we start to have those negotiations, it will become clearer.

Mr McKee: With the importance of fishing, do you see that your Department could be the one that takes forward the new outer harbour for Kilkeel and all that comes with it?

Miss McIlveen: We are having discussions about that and it is very much a cross-departmental piece of work. The Department for the Economy will be involved, as will Invest NI. I am keen to be involved, and I see its potential. However, we need to bear in mind that there will be impacts on Ardglass as well. The development at Kilkeel is a transformational project and I support it, but that is in partnership with others, including the local council and so on.

The Chairperson (Ms Dillon): Minister, in your opening statement you also mentioned the need for a good working relationship with England, Scotland and Wales. During my meetings with stakeholders, businesses, the Agri-Food Strategy Board and all those different sectors over the summer months, I found that their real concern was the relationship with the Republic — the South of Ireland, the Twenty-six Counties — for a number of different reasons. Has there has been any focus on that relationship? Have there been conversations with the Minister there on how we are going to move forward and try to make things easier?

There is lots of talk on whether there will be a hard border. When it comes down to it, we will not have control of that issue. The British Government will not have control of it either. It will come down to Europe and what it says in relation to the movement of goods, people and everything else. It is something that is out of our control, and people keep indicating that they will have some type of control over it when they will not. I have major concerns about that. What has been done to date on that relationship, given the concerns raised with us by different stakeholders.

Miss McIlveen: Some of the early discussions I had with the agrifood sector were on the movement of raw milk, sheep and pork across the border to the South. There is a particular issue in relation to that. I met Michael Creed on a couple of occasions and will continue to do so. My officials continue to liaise with their counterparts in the Irish Republic as well. I am very mindful, as are all my colleagues, of the unique situation that Northern Ireland has, compared to the other devolved Administrations, and that message is being delivered on a daily basis to whoever we happen to meet or speak to with regard to the practicalities of leaving the EU and how important agriculture is to Northern Ireland generally. The specific issues around cross-border trade are never far from our minds.

The Chairperson (Ms Dillon): Has it been raised with the British Government that we need the migrant workforce in our agrifood sector? One of the main concerns raised with me by that sector was that it could not survive without its migrant workforce. You are talking about large numbers of migrant workers, and our agrifood sector would be in serious difficulties if we were not able to bring workers in from other parts of Europe.

Miss McIlveen: This is an issue that is much wider than the agrifood sector; it is really about having a productive workforce. That is the focus we need to have and we need to ensure that we have people

who can do the jobs we require them to do. This was also an issue that was raised in a very early meeting, along with the cross-border issues. We will continue to raise it.

The Chairperson (Ms Dillon): I am concerned about how our agrifood sector would cope if we were told that there would no longer be a migrant workforce. In addition, will some of those companies move south of the border where they can get the workforce? This is a major concern for a lot of people at the moment. Companies that are major employers in the North are already talking about doing that. Whilst they have a large migrant workforce, they also employ a large number of local people, and the money from that migrant workforce comes into the local economy. This is a particular concern for me and my constituency.

It is also about protecting these people, a lot of whom have made their lives here. They are raising their children here, their children are at school here and this is where they want to stay and make their lives. I have concerns for them and for their personal well-being, something which has also been raised with me by a number of companies.

Mr McMullan: You talk about productivity. When you are looking at that, I hope that hill farmers and lowland farmers will be treated equally and that productivity will not be looked on as output. They are two forms of farming, but both have very much the same productivity. I hope that this is looked at when we negotiate. Is there a —

Mr Poots: [Inaudible.]

Mr McMullan: Sorry, I did not interrupt you.

Mr Poots: You did not have to.

Mr McMullan: Good enough. Just wait your turn. Is there a level that we will not go below when we are negotiating payments for farmers? We have said that we want the same as we are getting at the minute, which is roughly, I think, £329 per hectare. How much lower will we accept? Is there a level below which we will not accept?

Miss McIlveen: We need to look at the opportunities around this. I think that everyone is of the same mind in that there are issues with the current system. We were not under any illusions that, post-2020, we would be getting the same amount of money coming to the farming industry in Northern Ireland. I have had conversations with Commissioner Hogan and he was quite clear that there had been resistance to the current system and that it would have to change. We do not know what it would have been like in an EU situation.

This creates the opportunity for us to look at a different type of system for the UK for looking after our farmers moving forward. Various models are being mooted at this stage, and it is still too early for us to give a view on it. I am not going to sit here and say, "This is my red line". As we move forward, I want to make sure that Northern Ireland has a productive and sustainable method for supporting our farmers and that we are able to produce good produce that we can trade. That will be good for us as an economy. I am not going to get caught up in what my red line is at this stage. There are other things that we need to look at, and those discussions will be had in the coming months and years as we move forward through the system.

Mr McMullan: That is important, Minister. We talked about the banks this morning. It is important that that money and that red line are there to service the banks and give an income. If we drop too low, we will not be able to guarantee that to our farmers. All the talk out there at the minute is that we must have the same as we have now, but if you are saying today there is going to be a change, we need to set a red line somewhere in conjunction and in talks with the farming industry. What is its red line? That is important. I am not asking you to set the red line, but, in conjunction with the farming industry, there must be a red line to take to the table for discussion. You cannot go to the table without one.

Miss McIlveen: I think it is quite clear that we are not going to have a system like we have. Therefore, it is purely academic at this stage to put red lines into systems that we do not even know will be in existence. We will maybe talk about that at a later time, Oliver.

The Chairperson (Ms Dillon): In your discussions with the British Government, have you had any positive vibes about a financial package? My concern is that, to date, the British Government have

taken money hand over fist out of our Budget. I am a wee bit concerned that they would not be keen to give us additional money. I know they keep talking about the money they will get back from Europe, but there are no guarantees for us that we will benefit from that. I have seen where the British Government have benefited from moves they made before, but we certainly did not feel the benefits here in the North.

Miss McIlveen: At this stage, it is still very early. We are all watching the news. We are all aware of what is going on on the mainland and of the discussions that are being had. There is an opportunity for them at this stage to get their head round what this all means and then, with the information and evidence that are presented to them, to look at where the opportunities are and shape things that will be to the benefit of the United Kingdom. We are then going to look for the best deal for Northern Ireland out of that.

The Chairperson (Ms Dillon): It is unfortunate that they did not try to get their heads round it before they voted to leave the EU.

Mr Swann: Minister, in your briefing you mentioned £7 million for research and development between the Agri-Food and Biosciences Institute (AFBI) and universities that will lever £30 million at an international level. Could you give us a breakdown of that? I also congratulate your Department on issuing its press release on what you came here to tell us before you had finished telling us.

Miss McIlveen: Really?

Mr Swann: Yes. They are very efficient.

Miss McIlveen: That is great. They are very efficient.

I value the work of the universities, and I very much value the work of AFBI and want to encourage it. It underpins everything we do and how we move forward, be it in animal health or plant health, informing our processors, developing new products and so on. It is vital that we invest in that because we are essentially investing in the future for Northern Ireland. I will ask Norman to come in on the detail of that programme. I pay tribute to AFBI and particularly to Sinclair Mayne and his colleagues who were involved in the organisation of the energy efficiency action plan (EAAP) conference just a couple of weeks ago. It attracted over 1,500 delegates, and representatives from over 60 countries were involved. It was an amazing showcase for Northern Ireland. It really set us apart, and it was an opportunity for us to show Northern Ireland in its best light. That is the sort of thing we can do and want to encourage.

Mr Fulton: Our involvement in the collaborative research programmes is a huge opportunity for us to leverage in expertise and additional research that we would not otherwise have access to. We are involved in programmes with the Department of Agriculture, Food and the Marine under its annual competitive research call. Hopefully, there will be an announcement relatively soon on some successful projects within that.

We are also involved in the US/Ireland R&D partnership. That is a three-way arrangement between us, DAFM and the US Department of Agriculture. Again, that is a competitive process. There are some really blue-skies research opportunities in that to allow us to really get involved in significant research programmes. Again, that is an exciting opportunity for the Department. As I say, we are projecting a £7 million investment in that over the next two years, but that measure effectively leverages £33 million in research that we can access. That just illustrates the importance and potential of the collaborative research agenda. We are certainly keen to pursue that, looking at issues such as livestock production, efficiency and animal health, which are things that we are directly interested in and that will have direct relevance to the industry.

Mr Swann: You mentioned the partners and the significant research — I got livestock, efficiency and animal health — is there any more detail on that research?

Mr Fulton: We can certainly provide information on it. The DAFM call, for example, has a range of subject areas into which the researchers can bid. We can provide you with information on that. That call went out near the start of this year, and, hopefully, there will be announcements on it soon.

Ms Archibald: Is that the Stimulus research fund?

Mr Fulton: Yes.

Ms Archibald: Are partners in the North able to get finance from that? I know that in previous years they were not getting financial support.

Mr Fulton: The way the partnership works is that each jurisdiction pays the costs of the researcher who is located in that jurisdiction.

Mr Poots: My question is on the same subject. I am pleased that research is now being recognised once again because, without it, we will not get productivity; without the productivity, you will not get the prosperity; and without the prosperity, you will not get a vibrant rural community. I am delighted to see that the jackboot that was imposed on research has now been lifted. Minister, given your recognition of research going forward, are you committed over the five-year term to ensuring that Northern Ireland is up there with competing regions? Scotland and the Republic of Ireland have been doing that over the past number of years.

Miss McIlveen: Absolutely. I have given that commitment, and I look forward to working with AFBI and the universities in progressing this. Papers that will come to you in the next couple of months are very research-based, be they on TB or the sustainable land management strategy. All those things are significant for Northern Ireland as we move forward in either trying to solve the problems we have or in trying to foresee where we need to be. Working collaboratively makes much more sense than going it alone.

Ms Archibald: Are we expecting the sustainable land management strategy by the end of the year?

Miss McIlveen: That work is being finalised. We have had a number of conversations with the group. That is a very interesting piece of research, and I am very hopeful that we could start to look at how it could be run out as a programme.

Mr Irwin: Minister, like my colleague Mr Poots, I welcome advance payments: is it still anticipated that the 30% remainder will be paid in December?

Miss McIlveen: Our target is 95% at this stage, but if we can surpass that we will.

Mr Irwin: Are you aware of how far on the Department is with remote sensing inspections?

Miss McIlveen: Those have progressed well, and 96% have been completed. We have looked at broadening out the zones. Instead of having four zones, we now have six, which gives us a very different focus across Northern Ireland. That in itself has been very good work and has been positive for us.

Mr McKee: Looking at it from the pig sector's perspective, I know we are trying to reach for export markets outside the EU. When you look at the one in China, you see it has been ongoing since 2008 and there is still no movement on fifth quarter and by-products of pigs or whatever. Is there any way we can fast-track that?

Miss McIlveen: I appreciate that. I have met the processors and some of the producers, and there is a frustration because it has been going on for so long. My officials have been working closely with the Department for Environment, Food and Rural Affairs (DEFRA), and, while things are progressing, they are progressing very slowly. That is part of the reason that I plan to go to China in the next couple of months to show my commitment to building relationships with China and profile the products we have in Northern Ireland. I very much appreciate that it is those parts of the animal that add value and make it profitable. I am very aware of that issue, and we are working hard to progress it.

The Chairperson (Ms Dillon): On that same point, I think there is a bit of concern that the work that has been done to date by the producers will be out of date by the time this comes back to somebody's desk. Has that been raised with you?

Miss McIlveen: Yes, it has been raised, but we are working with the process. Obviously, we will be working at the pace set by China. We are ensuring that anything they come back to us with we respond to quickly and give them accurate information. It is a matter of relationships as well.

Obviously, I have met Madam Wang, and I hope to make sure that we keep the process going. It is very much about building relationships. It is working at their pace.

The Chairperson (Ms Dillon): Thank you very much. I thank the Minister and her officials for coming here today to present to us. We have written to you to ask you to come back specifically on Brexit. There were a number of questions raised today that, whilst you answered, you were not able to give us any type of in-depth answer to. I understand that none of us knows where Brexit is going, but we still need to know what the Department's plans are. As I said, all that probably should have been done prior to this happening, as it has ended up in Brexit, but, unfortunately, it was not. People out there are looking for certainty. Whenever I meet stakeholders, that is what they ask me for. They say, "We need some certainty. What's happening?". We are not able to give them that. I would be grateful if you would consider giving us a date — obviously, not here and now but as soon as possible — for coming back specifically on Brexit to the Committee.

Miss McIlveen: I am happy to do that, Chair, but, bearing in mind that information is limited at this stage, I question the value of doing it too quickly. I am more than happy to come back to the Committee to discuss it as we progress through it. I am not sure at this stage whether I would be able to give you an awful lot more information, but I am happy to liaise with the Clerk and you.

The Chairperson (Ms Dillon): Thank you very much.