



Northern Ireland  
Assembly

Committee for Agriculture, Environment and  
Rural Affairs

# OFFICIAL REPORT (Hansard)

Areas of Natural Constraint Scheme:  
Ulster Farmers' Union, Northern Ireland Agricultural  
Producers Association and Belfast Hills Partnership

10 November 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 Harold McKee  
Mr Oliver McMullan  
Mr Edwin Poots  
Mr Robin Swann

### **Witnesses:**

Mr Andrew McCammond	Belfast Hills Partnership
Ms Zita Hale	Department of Agriculture, Environment and Rural Affairs
Mr Paul McHenry	Department of Agriculture, Environment and Rural Affairs
Mr Mark McLean	Department of Agriculture, Environment and Rural Affairs
Mr Jim Carmichael	Northern Ireland Agricultural Producers Association
Mr Michael Clarke	Northern Ireland Agricultural Producers Association
Mr Ian Buchanan	Ulster Farmers' Union
Mr John Kennedy	Ulster Farmers' Union

**The Chairperson (Ms Dillon):** I welcome Ian Buchanan and John Kennedy from the Ulster Farmers' Union (UFU) hill farming policy committee; Jim Carmichael, development officer in the Northern Ireland Agricultural Producers Association (NIAPA); Michael Clarke, NIAPA chairman; and Andrew McCammond from the Belfast Hills Partnership. Thank you for coming today. I ask that presentations be kept as brief as possible, giving us enough information to have a discussion.

We also have Mark McLean, principal agricultural economist in the common agricultural policy (CAP) reform branch; Zita Hale, from policy development and Paul McHenry from rural training and development. I thank the officials for coming along in case members have any technical questions they want to ask for assistance on. Are the three organisations going to present? We can keep it to approximately five minutes each.

**Mr Ian Buchanan (Ulster Farmers' Union):** Thank you for the opportunity to hear our concerns about the future prospects of the money that was always targeted towards the less favoured areas — the

areas of natural constraints (ANC) as we now know them. Support payments for these areas in Northern Ireland, which represent 44% of the land base here, have been ongoing for many years and have been a mechanism to address the natural constraints that we farm under in those areas.

Whilst the ANC scheme may be considered by the European Commission as purely an income support measure, the reality is that the scheme represents a lot more than that. It keeps people on the land and keeps the land farmed. The upland farms are, on average, smaller than the other farms throughout Northern Ireland. They are family farms and have a lot of part-time farmers, so the scheme is doing a job in keeping people on the land and keeping the social economy and environment intact.

In terms of income, the support is undoubtedly valuable in helping to address natural constraints. It is clearly demonstrated by DAERA statistics that the income from severely disadvantaged areas (SDA) farms is £114 per hectare less than that from the lowland farms. This is the statistic that has been used year in and year out as the basis for the business case for the payment of this funding into the ANC area. Whilst supporting low income has always been a priority for schemes targeting severely disadvantaged land, it is also important to acknowledge that these farms and areas have little or no alternatives. There is nothing else that these farms can do. Cattle and sheep, primary production — that is it. They cannot convert to dairy, arable farming or potatoes. There is only one thing they can do in life, and that is cattle and sheep production. There are constraints and no alternatives or options.

The environmental benefits of the schemes that are targeted towards the SDA areas, be it the payment of ANC latterly, cannot be dismissed. Most schemes are broadly similar and have had a positive impact on the environment.

The importance of grazing livestock in these areas is now recognised more than ever. Prior subsidies, such as headage payments, maybe caused these areas to be overgrazed. Now, you could say that the reverse is happening. If you want to keep the people farming the land, this has to be recognised. It is not about subsidies for the farmers; it is about continuing to produce cheap food for the consumer. That is where it starts. All the agri-environment schemes that were available in Northern Ireland have more or less ended. I think that there are 400 people in the existing scheme now. That was a major income stream of up to £30 million, most of it into less favoured areas (LFA) in times gone by. It may have been for income forgone, but it was still income coming into those households to help to sustain the family farm.

Consultation on the scheme ended five months ago. All parties made submissions, but there is not yet an outcome. That is alarming because, at this time of the year, there is, as you know, a lot of conacre in Northern Ireland — land rented and leased. People are in a quandary: if they are getting no subsidy, can they take on the land and afford to pay as much for it as they did last year? Of course, the landowner knows that there is a potential subsidy and, in most cases, probably wants a part of it. It creates a lot of uncertainty in that situation.

It is worth noting that Going for Growth is a buzz phrase in Northern Ireland. It came out of the agri-food strategy and seeks to increase output and employment in the local agri-food industry. With over 50% of Northern Ireland's suckler cows and 60% of primary sheep production in the ANC area, this has to be a major factor. We are contributing to Going to Growth. We are producing the goods. We are an integral part of the food chain, producing the suckler calves for the lowland finisher or the crossbred sheep for the lowland sheep farmer. We are an integral part, and we certainly need to be very aware of that.

We are pleased that there is total union support for the continuation of this support. It is not seen as a divisive issue. Our executive has approved and agreed it. There is total agreement that it is necessary to maintain the scheme.

I will not go over the highlighted points. We are here to answer questions. I am conscious of your time constraints. I trust that the Committee, in its role to scrutinise and advise, can make a recommendation to the Minister that the scheme continue. Thank you.

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

**Mr Jim Carmichael (Northern Ireland Agricultural Producers Association):** Similarly to Ian, we looked at this on the basis that the ANC consultation has been going on for quite a long time now. The briefing paper that we provided refers to not only the environment but the social fabric. I come back to what Ian said about 44% of land base being ANC. There are about 440,000 hectares of SDA.

We are taking SDA because the new parameters have not been presented yet. The number of farms in the SDA is about 9,800, and 8,700 of them are involved in cattle and sheep production. That gives you an idea of exactly what can be farmed. We have other commodities, but only about 1,000 other commodities. There are no cereals or stuff like that. Within that, about 17,000 people are employed, either full-time or part-time, in small or large businesses. Some 35% of the agricultural labour force are employed in the areas that we are talking about. The impact is on an area of land and on the significant number of people who cannot get all of their income from that area. Some get part of their income from it; others get all of their income from it. They have been dependent on the ANC programme — formerly the hill livestock compensatory allowance (HLCA), which was an LFA payment — has been about for a long time. The support mechanism has been there. We are talking about some £20 million. The only rationale — it is not even a rationale — the only reason for a discussion on its withdrawal from any area is what can or cannot be afforded and where the money can come from.

I mentioned the 440,000 hectares of land. Ian mentioned the environmental schemes. In fact, over the North, those have just come in, I think, on over 305,000 hectares. Other environmental schemes there did not have an impact on the same amount of land. We are talking about a large area. Our briefing paper refers to habitat, amenity benefits, the population and the social fabric.

That is all we want to add at this time. I assume that, because we are all talking about the same statistics, our references are generally the same. We are talking about the type of livestock that is there, and about the production of that livestock and where it goes. It goes on to other farms to be finished and so on and so forth. It is a big part of the production chain, and it needs support. I will leave it there.

**The Chairperson (Ms Dillon):** Thank you very much for your presentation. Andrew, do you want to add anything to that?

**Mr Andrew McCammond (Belfast Hills Partnership):** I would thank the Committee for the opportunity to speak today. I want to clarify that I speak on behalf of the Belfast hill farmers, one of the partners in the Belfast Hills Partnership.

In these turbulent and uncertain times, we are keen to impress upon you our worries about the possibility that ANC support might not be continued. Any reduction in, or the loss of, such support would not only lead to a potential fall in production but have a severe impact on farm businesses: on the specialist, indigenous skills in livestock production that have been passed down through the generations; and on the capability to produce quality livestock from areas designated as severely disadvantaged.

We farm in a unique area under unique circumstances on the urban fringe of our capital. We are therefore constrained to farming suckler cows. Almost all the calves produced by grazing on the hills are transferred to lowland farms. Much of the lowland production depends on the supply of these calves. This is as true for the suckler herds in the other SDA grounds across Northern Ireland as it is for those in the Belfast hills. These areas are a vital, if under-recognised, link in the primary production supply chain. DARD figures show that 48% of suckler cows and 58% of breeding ewes are in the SDA area. The loss of support and its potential effect on production do not sit well with the Going for Growth strategy or with conserving our upland biodiversity through maintaining the right grazing levels. We appreciate the work of the Committee in this regard and would particularly like to welcome the Committee, or individual members, to the Belfast hills to see at first hand how we farm productively. I welcome any questions. Sorry if I was not too articulate.

**The Chairperson (Ms Dillon):** You are fine. Thank you very much. I appreciate you coming to present to the Committee today. I know that a number of members have questions. Members, let us keep the questions brief, and the responses should be as brief as possible, too. We also have officials here from the Department, so, if members have questions to ask of them, they can do so.

My first question is about the options, given some of the Minister's statements about what she is and is not prepared to do, such as moving money from pillar 1 and pillar 2 and so on. The only real options for ANC payments are 5a and 5b. They both involve asking for money from the Executive, I assume. My question is to officials: has the Minister asked for that money from the Executive?

**Ms Zita Hale (Department of Agriculture, Environment and Rural Affairs):** The Minister is still considering the options. If she makes the decision to approach to the Executive, that approach will be made.

**The Chairperson (Ms Dillon):** Has it not been made to date?

**Ms Z Hale:** No, the Minister is still considering the options.

**Mr Poots:** You have made considerable play of your importance as primary producers to the wider industry and to the Going for Growth strategy. Do you accept that none of this is linked to production? This is a land-based payment, and, if you wanted to, you could do nothing on the land and take the money.

**Mr I Buchanan:** I understand exactly what you are saying. All payments now are exactly the same, and that is how life is. I am not saying that it is right, but that is the way it is. This payment has been sustained. The chairman of the red meat committee is Trevor Lockhart. He said at the Committee:

*"If we are serious about keeping beef and sheep farming on the uplands in Northern Ireland, one option is to give a commitment to continue to pay that."*

He is the chairman of the red meat committee of the Agri-Food Strategy Board. It is vital. You do not have to produce, but people are inclined to do so. Farmers produce and will continue to do so.

**Mr Carmichael:** You said, Mr Poots, that we could just take the money and do nothing, but we are talking about the best way of managing the habitat. I heard the previous session, when Oliver talked about needing quads for farm businesses and all the rest. If we were not to manage it, what state would the land get into? Farmers want to manage the land as well, and they use the most appropriate livestock for doing that. A lot of the land cannot be managed mechanically. That goes without saying and is understood. You link the two: you cannot divorce one from the other.

**Mr Poots:** I am aware of a number of fairly large businesses that have bought hill land in recent times. I would prefer to go back to the older system of the suckler cow premium, the sheep annual premium and those types of payments, whereby people produce food on the hills as opposed to growing bracken and getting money for old rope.

**Mr McCammond:** In our situation in the Belfast hills, that would not be an option. About 250,000 people walked Divis and Black Mountain last year. The trust does not want it. The farmers do not want any production. It would be detrimental to the hills because the forage would grow and there would be bad wildfires. Some of our urban friends light the hill. At the minute, it is a very small fire that goes out in a short time because there is no large amount of forage there. If there were no grazing, that would develop into a larger problem. We do not want —

**Mr Poots:** *[Inaudible.]*

**Mr McCammond:** We do not want to get money for doing nothing.

**Mr Carmichael:** Years back, cryptosporidium meant that grazing was not permitted around certain dams. The people in those areas who farm were not allowed to graze their animals there. They had great difficulty getting them into condition for grazing again. They wanted to farm on it.

I know that you will say that a few people are getting a lot of money. That happens with all aspects, but the majority of people are on top of that. There are fewer than 300 very large statistically loaded farms. You can check the statistics.

**Mr Poots:** The old payment scheme, which was associated with production way back in the mid-1990s or 2000s, was changed to an area-based scheme. Did that not benefit the hill farmers at that point?

**Mr I Buchanan:** I do not think that it did. The same pool of money came in. I do not think that there is much redistribution, if that is what you are alluding to. I do not think so. I am not aware of it at all.

There used to be a headage-based payment way back in HLCA, of course, but it changed a number of years ago.

**Mr Poots:** If you have 400 acres of land, you will get roughly £40,000 under the new scheme in 2020.

**Mr I Buchanan:** Are you talking about the ANC scheme?

**Mr Poots:** I am talking about the single farm payment scheme.

**Mr I Buchanan:** Yes. There is money moving into the hills over the lifetime of the single farm payment scheme. There is no doubt about that, as our document states. However, we are nowhere near that yet. Only 1.5% of the single farm payment is moving in. People in lowland and hill areas are losing a lot of money. High entitlement is down, no matter where you are farming. That is the way it is.

**Mr Carmichael:** As well as that, land has to be eligible to get the single farm payment. If you take livestock off land, it will not be eligible. Your case of 400 acres making £40,000 does not really tie in with what would happen if we do not support livestock on LFA.

**Mr Ford:** Thank you all for coming in. First, I should declare an interest as our household benefits from ANC payments. Secondly, I note with interest the Belfast Hills reference to the difficulty of the designation of areas, which I have discussed with Andrew and John previously. We need to keep an eye on that, although it is not the topic for today.

Going for Growth has been mentioned, and I wonder whether any of you have yet identified anything from the sustainable land management strategy that might validate the case that you were making beyond the generalities of Going for Growth. Noting, in particular for the union's purposes, the opposition to any transfer from pillar 1 to pillar 2 and the wish to go for option 5a or 5b, do the union representatives think that their members would be willing to accept a transfer from pillar 1 to pillar 2 if that were the only possibility, not that I wish to encourage the Minister in that direction?

**Mr I Buchanan:** Thank you for the question. The concept and ethos of the land management strategy report are good, and there is no doubt that a lot of that can be used in the hill areas. We have a lot less of a problem in the hill areas than some other regions have. Our rivers are not polluted to the same extent as other rivers. That is the way it is because we are not as intensive and do not have to worry about sustainable intensification in the way that other areas do. In fact, we can increase production more than any other region without doing any harm to the environment. There is no doubt about that.

The union is opposed to transfers from pillar 1 to pillar 2, and I can understand why. It would be robbing Peter to pay Paul, and we cannot live with that at all.

**Mr Irwin:** I will touch on what Edwin covered. I declare an interest as a farmer. I have some sympathy for hill farmers and the conditions that they have to farm under, which can be very difficult. There is a perception out there, rightly or wrongly, that, under the flat rate payment, the lowland farmer will be the big loser; the big winner will be the hill farmer. That is the perception. Over the next number of years, the hill farmer should receive a much higher payment than he receives today. Is that a fact?

**Mr I Buchanan:** As you said, there is a transfer of funds from the lowland to the hill over a seven-year period. We are not there yet; we are in the very initial stages, and there is still a difference. Yes, there will be a convergence, if we ever see it. There is Brexit and a lot of other things, so we might never see it. Who knows? The plan is that there will be convergence, but, as everyone well knows, in those regions, a lot of people are losing big time, no matter where they live. Whether they live on hill land or lowland, they are losing entitlements. They are converging down to a level, and, no matter where you live, it is about what type of farming you practised in that area previously.

**Mr Irwin:** It is difficult to get one shoe that fits all. That is the problem, is it not?

**Mr I Buchanan:** Certainly.

**Mr Michael Clarke (Northern Ireland Agricultural Producers Association):** Madam Chair, thanks for the opportunity. On your point, William, there is a perception that, in general, the block money is moving more towards the hill. Individually, however, that is not necessarily the case. I farm the hills, and my payment is going down. The reason for the perception is that, historically, the hill farmer has produced and moved his produce on. It was then paunched and slaughtered, and, therefore, the lowland farmer got the benefit of the bigger entitlement. He has more to lose than the hill farmers, who did not have that. This is only equalling things up a wee bit. That is the single farm payment, which is for four years maybe, and maybe not after that.

Leaving that aside, historically, I think that the powers that be have recognised that we are in a disadvantaged area and that we need support because of that. It is the same in England, and the European Commission has reinforced that. We talk about production. How do you measure production? Is it a kilo of beef or a kilo of mutton? Is it the social fabric? Is it the environment? All are products of the upland. If the farmers move away and land is abandoned, people will have less call to live in the area and, therefore, there will be less call for the post offices and shops.

I will touch on Edwin's point. Up to now, there has been a stop on density, and we support that continuing, although they say that that is not possible. We would prefer that, and the evidence is there for it, especially in the Mourne. Parts of that area cannot be controlled, and a lot of the land is becoming ineligible because the heather is getting that high. The best way to control it is through having hill sheep. There are so many pluses for it.

**Mr J Kennedy:** I received a phone call recently from an LFA farmer who has been farming his farm to the best of his ability. The farm was in a countryside management scheme — he was one of the last entrants to it. His payment was slightly above average, but it has taken a step back. There is the potential for his ANC payment to cease in the same year as his countryside management payment runs out. He foresees a potential step down of exactly one third in the support coming to his farm. Facing that proposition, he is not sure how he will go forward if that happens.

**Mr McKee:** It will be more difficult. When I visited Mount Glenwherry and had a tour of the site, I saw its National Sheep Association (NSA) report. One of the things in the report was the level of under-grazing, which was something like 0.75 per hectare per sheep, which is too low. Even in their eyes that is too low.

This is about the environmental impact. A number of years ago, when we were told that the Mourne area was overgrazed, we took the sheep off it. Now we are in a bigger dilemma, with the heather getting so high and continuous fires. There are fires every year — there was one there a fortnight ago. It is important that you continue to get some form of payment to keep you there. Otherwise, people will move away from the area. What would happen after 2020 if there was no longer any payment or a much reduced payment?

**Mr I Buchanan:** A lot of the farmers in these areas are supported by another income coming in to the family home. Someone in the family is working, or maybe the farmer is out working, because there is not enough to sustain them on the farm. You mentioned grazing and under-grazing. It is clear that one size does not fit all in these areas. In the last few years, all these regulations have come in and left some areas in a terrible state. In some of these places, people are, because of the restraints, farming with one hand tied behind their back. Only those who own and have farmed the ground know how to manage it and the livestock on it. They have done it for generations, but, if there is no payment, those guys will not be there in the future.

**Mr McMullan:** Thank you. You are all very welcome. My fear, as I have said here time and time again, is that, if what is suggested should happen on the hills is allowed to go through, we will end up with a two-tier farming system. The Minister is not yet clear what she will do, but she has said that she will not take it from pillar 1 or pillar 2. I would like the officials to confirm whether that is the case. Worryingly, the other caveat in the same statement was that we must look at value for money. Perhaps her officials could explain that a little before we move on.

**The Chairperson (Ms Dillon):** I will call officials forward when we have finished, if that is OK. The Clerk will make a note of that question.

**Mr McMullan:** Over the summer, the Chair, Caoimhe and I met a lot of different farming organisations. We met the producers, and none of them were talking about the environment at all. It was all about production. The same producers — this has to be borne in mind by all aspects of farming — are

paying more for cattle in England than for the same cattle here. Production here is not getting a fair slice of the cake. We need to stick together on this. The hill money has to stay. You cannot chase generations off the hill. We might go to the Assembly looking for money, but we do not know where it will come from. In England, they were talking a couple of weeks ago about having to keep the money for the hill.

It is all very funny. It will be very interesting to hear clarification of the Minister's statement about value for money. I would like to know about the conversation that has taken place around that, because I think that we have been getting value for money all along. If you take those payments off the hill, it will have gone within a year or two, and it would take years to get it back. You talked about cryptosporidium in the Mourne, and it took ages to get the area back in shape. That is what would happen throughout the country. I think back to the foot-and-mouth epidemic and what was promised and said in relation to hill farming then. The Departments have forgotten all about that. I ask them to revisit it and look at the vital input that hill farming made to the industry. That was borne out during the foot-and-mouth epidemic.

**The Chairperson (Ms Dillon):** Most of those questions are for the officials when they come forward. Is there anything that you want to say in response?

**Mr I Buchanan:** To an extent, that is a very good point, in that this has been the simplest scheme. DAERA has said many times that this is the simplest scheme to operate and the best value for money to operate: pro rata, per pound spent, it has the lowest administration cost. From that point of view, it is a very straightforward scheme.

**The Chairperson (Ms Dillon):** That point needs to be made: when talking about value for money, administration also has to be looked at.

**Mr Anderson:** Thank you for your presentation. Oliver talked about the Minister's comments on value for money. I do not think that any of us, no matter what business we are in, would say that we should not always look for value for money. We should be trying to do that at all times. I will leave it there.

A couple of you referred in your presentation to the type of farming in the uplands: the suckler calves, sheep and suchlike that are a supply chain for the lowland farmer. Is that the crux of it? Is that all that takes place in hill farming? You are smiling, Ian. It is good to see you again.

**Mr I Buchanan:** It is good to see you, Sydney. Certainly, I am smiling. You ask whether that is all, but that is a lot: over 60% of sheep production and almost 50% of suckler calf production comes from 44% of the area. Pro rata, they are producing the goods. Yes, it is all that happens because we have no alternatives.

**Mr Anderson:** That leads me to my next question. What percentage of the average farmer's income is funding from the scheme?

**Mr I Buchanan:** The single farm payment scheme was 87% of the income of Northern Ireland farmers the year before last. We do not know this year's figure yet, but it will be no better. I do not know the exact figure for the ANC scheme, but I suppose that you could work it out pro rata. I cannot tell you the exact percentage, Sydney.

**Mr Anderson:** OK, but what you are telling us today is that, if it were to go or was lessened in some shape or form, it would put these farmers in a very precarious position.

**Mr I Buchanan:** That will not happen overnight; it will be a gradual drift. People will not close the door next week.

**Mr Anderson:** I would not have thought so.

**Mr I Buchanan:** It will definitely be gradual, but it will get to the point at which you cannot reverse it. That is the danger. We are not saying that people will walk away next May, June or whenever. It will not happen that way; it will be gradual. We want to encourage young boys on to the farms. As in the earlier conversation, we need technology systems on the farms to encourage the youth on to them.

**Mr Carmichael:** Ian talked about the income from the single farm payment being more than farm income. That is over all the farms here. We work with farmers from everywhere with all sizes of farms, from some of the largest to the smallest. At the end of the day, some people might have an alternative land use, but people on the hill really do not have any alternative. When you say, "Is that all that happens?", it is also about maintaining a difficult landscape. Physically on a farm, if that is all that happens, a lot more is being done by the livestock that are there, but the figures I quoted you were 8,500 out of 9,500 beef cattle and sheep. If there were other major alternatives, people would be looking at them for land use. While other people might have different land use possibilities for more productive land, depending on the type of land you are in, you do not have a lot of alternatives and your income will dip without having other alternatives to try to replace that. That is the fact.

**Mr Anderson:** Ian is telling us that if this funding were to stop today, those farmers and dwellers — I am a rural dweller myself — will not just up and go straight away.

**Mr I Buchanan:** Certainly, it will not happen overnight, but the other thing we have in these areas of the country is a tourism industry. Where do people want to go? They want to go to open space — the glens of Antrim, the Mourne, the Sperrins, wherever they want to go — and they have been used to seeing a managed countryside, manicured and maintained by farmers, and the livestock on those areas. So, if there is a promotion picture from the Livestock and Meat Commission (LMC), Invest Northern Ireland promoting beef or sheep, or wherever in the world, where are the pictures from? Hill areas. Not a beef house, not a feed lot. It is hill areas. That is where the pictures are from. That is the image we want to portray from this country, and if we want to maintain it, we have options to maintain it.

**Mr McCammond:** You say all that happens on the hills. If we were not on the Belfast hills —

**Mr Anderson:** I did not say all that happens on the hills. *[Laughter.]* You keep coming back saying, "Is that all that happens"? I am trying to find out what really happens. Is it this and that and nothing more?

**Mr McCammond:** I am just trying to say that, if we were not there —

**Mr Anderson:** Is this conversation going —

**Mr McCammond:** If we were not there, particularly on the Belfast hills, there would be scramblers, stolen cars and stray horses. I hope you do not think I am complaining all the time, but there is a whole lot of stuff that, if we were not there as farmers maintaining the land and the structure, would just take over.

**Mr Anderson:** You are telling us you are a good custodian of the land.

**Mr McCammond:** I will never describe myself as good. *[Laughter.]*

**Mr Anderson:** You are doing quite well.

**Mr McCammond:** We are stopping antisocial stuff that allows it to be enjoyed by the public. In our particular situation, a large number of people come and walk our area.

**The Chairperson (Ms Dillon):** That is important. I know the point that Sydney is trying to make is that these families will not disappear overnight. That is a fair enough point, but we had departmental officials up here a few weeks ago and we were talking about how we were going to get young people to come in to manage the farms. If they are not getting the support and it is not going to be financially viable for them to do it, the sons and daughters will say, "I am moving down into the city. Forget about the Belfast hills". That is the reality of it.

**Mr Anderson:** That could happen to the lowland farmer as well. A lot of young farmers —

**The Chairperson (Ms Dillon):** Exactly, but we need to do everything we can to protect as much of the farm income as possible so that we can encourage young people. There really is no point in having a great strategy for encouraging young people to take over the farm but saying, "You will make

absolutely nothing from it. It is not affordable, and you won't be able to do it, but we still think you should do it". It is not realistic.

**Mr M Clarke:** Sorry, Madam Chair, but if I can go back to your point, Sydney, it is not an exorbitant amount of money. It is about £58 per hectare. So, if you have 30, 40 or 50 acres, it is a couple of thousand pounds, I think. We are in the hills. We might not necessarily have chosen to be there, but we are there. If we had the choice, we would maybe gladly swap our 50 acres for 50 in the lowland, but we are there.

**Mr Anderson:** Send William up.

**Ms Archibald:** Some of what I was going to say has already been touched on, but on the transfer to flat rate, farmers' finances will be hit by the loss of the ANC and the reduction in the agri-environment scheme. So, what you are really asking is that that go hand in hand with any changes that are ongoing in moving to flat rate and that they are maybe compensated that way. Am I understanding that correctly?

**Mr M Clarke:** Yes.

**Ms Archibald:** So, it is about the continuation of the ANC scheme while that is ongoing.

**Mr I Buchanan:** Yes, as part of the process. The other payment that has been lost to these areas, as we mentioned, is for the agri-environment schemes. I understand that the officials have a lot to do, but there is no plan to roll out anything quickly or soon on that one. That has been a major loss to the hill areas because most of the money went into the habitats of those areas.

**Ms Archibald:** You touched on what I was going to say. It very much depends on how you define productivity and whether it is social good as well as production from the land in terms of food product.

My other question is more for the officials.

**The Chairperson (Ms Dillon):** Perhaps you would wait until they come forward. No other members indicated that they want to ask questions of this panel. I invite the officials to come forward, and I ask everyone to wait until we have heard the officials' responses to questions.

**Mr I Buchanan:** Thank you very much for hearing us.

**Mr M Clarke:** Thanks very much for the opportunity to speak to the Committee.

**The Chairperson (Ms Dillon):** Perhaps you would like to take a seat while the officials respond. I am sure their responses will be of value to you.

**Mr M Clarke:** Madam Chair, there are other groups that would like an input into that issue, including the National Sheep Association. I am sure that could be arranged.

**The Chairperson (Ms Dillon):** I would be happy, as the Committee Chair, to meet any organisation. If there are organisations that want to meet me as Chair, and Caoimhe as Vice-Chair, we would be more than happy to meet them.

I have already asked a question and got the response that the Minister has not yet made a decision on which option she is going for. She has not asked the Executive for any funding. Is that correct?

**Ms Z Hale:** No, she still has to make a decision.

**The Chairperson (Ms Dillon):** OK, fair enough.

**Mr McMullan:** It is nice to see you again. I have a question about the Minister's statement. I am sure you know what the statement says, but she says that she recognises the pressures on the budgets and goes on to say:

*"However, given the pressures on both my Department's and the Executive's budget, providing any additional support will be challenging. I cannot ignore long-term value for money, nor indeed the redistribution of Pillar 1 monies ... I will announce my final decision ... soon".*

There is very little wriggle room in that statement. I do not know what is behind it, but it does not give great confidence for the future if we are looking at long-term value for money in the ANC areas. Will we be looking at long-term value for money in lowland areas and at things like that? We have to look at this in the round. Maybe you could elaborate a wee bit on that.

**Mr Mark McLean (Department of Agriculture, Environment and Rural Affairs):** The issue with value for money concerns business case approval. Ultimately, it would have to be approved by the Department of Finance. A couple of years ago, it was concluded that it would not be possible for business case approval, and the then Minister, with the agreement of the Executive, made a ministerial direction for the scheme to continue for two years without business case approval.

The whole issue of business case approval is that it is for a non-targeted scheme; it is not targeted at household income. It makes out a payment per hectare whether there is a large household income or a low one. That is the big issue with business case approval for this type of scheme.

You also made a point about value for money in the lowlands. That relates to the pillar 1 payments. At the moment, those are mandatory payments under membership of the European Union. Therefore, it is concluded that business case approval is not needed because we have to pay them anyway. Going forward, post-membership of the European Union, any future income support will become domestic moneys, and the issue about business case approval and so on will arise there as well.

**Mr McMullan:** That is basically what I am trying to tease out of you today. I am talking about 2020, the exit date, when we will have to put a business case up for all types of farming to get any approval for funding. Am I correct?

**Mr McLean:** Yes, that is certainly the logic of how things will move forward. The current rules we operate to are that domestic expenditure needs business case approval. If it does not have business case approval, it is an issue. If a Minister wants it to continue anyway, it would need a ministerial direction. Clearly, those are issues for Ministers.

**Mr McMullan:** Business case approval or a business case would have to be rural proofed. You could not do a business case on a rural area, especially in ANCs — we are talking post-2020 — or even put a business case in for funding without rural proofing it.

**Mr McLean:** It will be some way down the road before we get to future domestic support, business case approval and so on. I just want to say at this stage that the general issue about them trying to get business case approval is that the scheme is untargeted; it is not specifically targeted at household incomes, the lowest incomes or the lowest farming incomes. Yes, it is the case that the SDA income as a whole per hectare is lower than that for the lowland, but it is not specifically targeted at individual farmers with lower farming incomes; it is a payment rate per hectare. You could say the same for agricultural support measures in general. That issue will arise. Our current rules are that, if it does not have business case approval and if Ministers want to spend the money anyway, it requires a ministerial direction. That is what happened the last time with Executive approval. Clearly, you will appreciate that those are issues for Ministers to decide.

**Mr McMullan:** Yes, you are quite right. I will not dwell on it much longer. There has to be something coming out of all this that is a marker or a matrix for value for money. You cannot take value for money. Is the Department looking at value for money on production per kilo, as was said? Is that production? What way are you looking at value for money? That is what I am trying to get at, Mark. You have two different types of farming: hill and lowland. Where do you see the value for money? Taking the logic of what you are saying, you are going to automatically set up a difference between hill farming and lowland farming in matters of value for money. There has to be an equality issue on production if we are going down that line. Production on a hill is totally different from production on lowland, but they still have the same value in production.

**Mr McLean:** Any business case approval considers the scheme that is proposed, and the scheme we are looking at at the moment is the ANC scheme as currently constructed. That is what will be subject to a value-for-money assessment. It is not about whether there is an alternative scheme, a scheme

that is paid differently or schemes that are paid to the lowland; it is about the particular scheme that is under consideration at the time.

**Mr McMullan:** Will you use the same matrix we are using now for ANCs, or are we looking at a new matrix for deciding on that?

**Mr McLean:** Any scheme that pays out domestic money is subject to value for money and business case approval, and the same rules apply to them all in business cases.

**Mr McMullan:** So we may be looking at different rules, then.

**Mr McLean:** No, the same rules apply when business cases are being considered.

**Mr McMullan:** Are we going to keep the same European rules post-2020?

**Ms Z Hale:** We have to carry that out for business cases for expenditure of domestic funds rather than the European element of the funds.

**Mr McMullan:** I am trying to get the equality between the two. How is the Department going to work the long-term value for money if it is not European but domestic? Therefore, are we going to be treated with equality across the board in the agriculture sector, or is there going to be a difference in production? That is the key point. Where do you see production in value for money? You may not answer today, but that is a point that has to be answered.

**The Chairperson (Ms Dillon):** The point Oliver is making is this: what are you talking about when you talk about value for money? Is it just production, or are we talking about the maintenance of the hills or looking after the land? Is all that going to be taken as considerations of value for money?

**Mr McLean:** The fundamental issue in the business case approval is that it is an untargeted support scheme. It cannot be targeted at particular household incomes. For ministerial directions and so on, those are issues a Minister could take into account, but, as we are talking at the moment, this particular scheme is not going to pass a business case, and that was the case two years ago as well.

**Ms Archibald:** I will pick up on Linda's point about the Minister asking for funds from the Executive to replace it. Surely when making that decision, she would need some direction on whether those funds would be available.

**Ms Z Hale:** She would have to make her approach to the Department of Finance to see whether that funding was available. But as I said, she has not made a decision yet, so no approaches have been made.

**The Chairperson (Ms Dillon):** When can we expect that decision to be made?

**Ms Z Hale:** It is for the Minister to make the decision.

**The Chairperson (Ms Dillon):** There is no timescale at all at the moment?

**Ms Z Hale:** We have not been given any timescale.

**Mr Swann:** As a point of clarity, the last Minister did this under ministerial direction, you said, Mark, with the, "Full support of the Executive". Was it the full Executive or OFMDFM?

**Mr McLean:** I said it was with the agreement of the Executive. So the Executive, under whatever procedures they have agreed it.

**Mr Swann:** Sorry, I was trying to clarify whether the full Executive meet and do it or OFMDFM can do that.

**Ms Z Hale:** It was to form part of the package.

**Mr McLean:** As far as we are concerned, it was agreed by the Executive. How it was agreed by the Executive is an issue for the Executive.

**The Chairperson (Ms Dillon):** Thank you, and I appreciate you coming today. Thank you to UFU, NIAPA and the Belfast hill farmers.