



Northern Ireland
Assembly

Committee for The Executive Office

OFFICIAL REPORT (Hansard)

Brexit: Mid Ulster District Council

4 November 2020

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Colin McGrath (Chairperson)
Mr Doug Beattie (Deputy Chairperson)
Ms Martina Anderson
Mr Trevor Clarke
Mr Trevor Lunn
Mr George Robinson
Mr Pat Sheehan
Ms Emma Sheerin
Mr Christopher Stalford

Witnesses:

Mr Mark Kelso	Mid Ulster District Council
Councillor Dominic Molloy	Mid Ulster District Council

The Chairperson (Mr McGrath): I welcome Councillor Dominic Molloy, the chair of Mid Ulster District Council's Brexit committee, and Mark Kelso, the council's director of public health and infrastructure. Thank you for making yourselves available to update us on the impact of Brexit on your council area and on your priorities. I invite you to make a presentation on the issues, after which we will ask a few questions.

We cannot see you at the moment — that may be rectified — but we can hear you, so please continue.

Councillor Dominic Molloy (Mid Ulster District Council): I thank the Committee for the opportunity to make a presentation and raise our concerns today. Mid Ulster District Council has made formal presentations to the Seanad Special Select Committee and the European Parliament as part of the border corridor delegation, so we welcome this opportunity to present to you.

We submitted a briefing paper to the Committee that identified the council's concerns about implications for environmental health checks, monitoring, certification and enforcement. We have concerns about waste management processes, the implications of the loss of EU programmes and implications for business in the area. Like many councils and businesses across the island, our concerns hinge on the three interactive fronts — North/South on the island, east-west and our relationship with Britain, and directly to and from the European land mass.

Through its engagement with the business community, the council's Brexit working group identified a number of areas of concern. I am not going to rehash what has already been said about the loss of EU support programmes except to say that they have helped immensely, particularly in our council area,

in the last 10 years. We have been able to invest in our people through education, infrastructure, shared space, sport, tourism, agriculture and business development. Whilst there have been some commitments to extend some funding streams, those extensions are short-term only. With no commitment for future renewals, there is absolutely no doubt that that will have an impact on the council's ability to deliver on future programmes.

The bigger picture involves the wider community in the area, in particular, South West College's programme delivery, our agriculture sector and our business sector. We have three major sectors of industry in the district. Invest NI figures show £1.5 billion of sales in engineering and manufacturing. That counts for around 20% of the local economy and the supply of 40% of the world's handling and quarrying equipment. We have sales in construction of £1.2 billion and just under £1 billion in the agri-food sector. We are home to some of the major players in food processing and the supply of short-life products. I work in the industry, so I am well aware of the implications of supplying products to Britain, Europe and beyond. There are major concerns that delays due to increased certification and customs checks at several points will have an immediate negative effect. The supply chain around those sectors amounts to thousands of jobs and hundreds of millions to the local economy.

A study by the Centre for Progressive Policy has reported that mid-Ulster will endure the greatest impact of COVID-19 in the North, with a possible loss of 45% gross value added (GVA). We have the highest regional percentage per head of entrepreneurship, with 94% of businesses owned locally. Many of those are SMEs and are poorly prepared for Brexit.

There has been a lot of publicity around marine fishing, but I want to highlight the challenges that are being faced by Lough Neagh fishing, in particular, and the struggle of the Lough Neagh eel industry. It has been recognised by the EU with protected geographical indication (PGI) status, so we need to ensure the protection of that status, the market inwards of glass eels to supplement the natural supply from the Sargasso Sea and exports, as over 80% goes to Holland and Germany.

The big message from our local businesses is that there is a lack of clarity. There is a lot of information but very little clarity. The last-gasp arrangements around negotiations and agreement have added to that.

I move now to infrastructure. There are numerous border crossings between south Tyrone and north Monaghan. We have three major arterial routes — the A5, A4 and A29 — that carry cross-border traffic. They require urgent major upgrading and modernisation. Energy supply is curtailing industrial development. The completion of the North/South interconnector is also urgently required before we start to lose business.

Of course, we are nothing without our most important resource, which is our people: our workforce, our ratepayers, our tourists, and our consumers, present and future. There are major concerns around the effects of Brexit on the ability of people to move freely to work on both sides of the border. We have a large migrant workforce, and those people must have the ability to travel to and from Europe, and beyond, with minimum restrictions. Many are already experiencing issues around passport renewal, travel, visiting relatives and citizenship. We cannot understate the impact of a restricted labour market. We have 10,000 migrant workers. Minimum annual salary levies are going to impact on that supply of labour.

That ends my presentation. Mark will come in with some detail around figures. Thank you for the opportunity.

The Chairperson (Mr McGrath): We hand over to you, Mark.

Mr Mark Kelso (Mid Ulster District Council): Dominic has given the presentation. There have been questions about figures of funding. In mid-Ulster, we have attracted almost £20 million of funding for the period 2016 to 2021. We received £1 million of European regional development fund (ERDF) funding, £10 million for the rural development programme (RDP), £3.3 million of Peace funding and £5.1 million for construction under the Special EU Programmes Body (SEUPB) funding programmes.

The Chairperson (Mr McGrath): Thank you very much. I have a couple of questions. It is not that we are selecting what may seem to be the less-obvious issues, but we have had three presentations, so some of the issues about lack of clarity and lack of knowledge have been already covered in some detail. Dominic, you mentioned waste management. That is an expensive business for councils, and a

critical amount of work is done in that area to reach targets, etc. What impact do you think that Brexit will have on the waste-management side of the council business?

Councillor Molloy: Mark is our director of environmental services.

Mr Kelso: Obviously, we have a land border. We are in contract with a number of major waste processors in Northern Ireland. I understand that they have an all-Ireland business; they move waste from the North to the South for various processing arrangements. There is a concern that, in the event of no-deal arrangements, various charges could be applied to the waste transfer process. Obviously, that would fall back on councils; a waste operator would never take on additional costs without trying to transfer them back to council. There is also the potential for wider tariffs on secondary recycled products etc that are a by-product of the waste stream. There is some concern in that regard. There is also the issue of workers who move across the border every day for work and the issue of the validity the driving licence and the licensing process. There are a number of concerns in that regard.

The Chairperson (Mr McGrath): You said that mid-Ulster is well known for having a large migrant workforce. Have you had many interactions or discussions with businesses about the potential impacts of that migrant workforce being subject to additional rules that could cause problems? Do you see a role for councils in helping and assisting that migrant population with any paperwork or rules and assuring them that they can stay and continue to carry out their work?

Mr Kelso: Mid-Ulster has a very large manufacturing base; we employ well over 17,000 people in manufacturing. A big part of that workforce is from the migrant community. There are significant concerns about the longevity of their stay and whether those businesses will be able to call on that level of workforce in the future. There are also the concerns that have already been raised by the chair about the bar that will be placed for any new migrant who wishes to move to the mid-Ulster area in the event of further work opportunities. There are significant concerns around that whole issue. We understand that over 10,000 people have registered in the mid-Ulster area. We are pleased about that, but there is still a lot of uncertainty around the issue.

The Chairperson (Mr McGrath): Do you have any direct interaction with any of the government agencies, or did you pick up from elsewhere that 10,000 have registered? Do you have some sort of input into that process?

Mr Kelso: The council has been working closely with a number of community organisations that lead locally on engaging with the migrant population. STEP is one of the key organisations in mid-Ulster; it works very closely with the migrant community and has community teams. The formal registration process is led by central government. We asked for the figures at the end of last week, through Invest NI colleagues, and those are the statutory figures that we were presented with.

Ms Sheerin: Thank you, Mark and Dominic, for the presentation. Other members in the room today have referred to mid-Ulster as the best-managed district in the North: I would not argue with that.

The point has been made and remade that there is a lack of clarity on all of these issues. We are all aware that the British Government have not been forthcoming with answers. As we approach the deadline, people are worried. You referred to EU structural funds and the fact that the RDP was worth £10 million to mid-Ulster in, I think, a five-year period. I should declare an interest; I am a social partner on the RDP local action group (LAG) board for mid-Ulster. I know that the aimed-for figure for 2019-2020 or 2020-21 was £980,000 or so. The impact of that on the ground — on the community groups, the playgroups and the GAA clubs — has been massive, and all the different organisations have benefited from that. How confident are you, as a council, that there will be a replacement of that funding from the British Government?

Councillor Molloy: Thanks, Emma. We are totally unconfident that there will be any kind of like-for-like replacement. There is little ambiguity there as to any promises or definites around that, so we are hanging by a thread, and the RDP programmes will be hanging by a thread, without some clarity and guarantees that the like-for-like funding will be allocated. That would have a major impact on our communities. As you know, that money filters down, right throughout the district, and some of the projects that have come through that have delivered immense benefits, not only for the well-being of the community but for the economy as well. Losing that would be a severe detriment.

Mr Kelso: Following on from that, the council delivered a local capital programme for more than 44 villages and settlements in mid-Ulster, in the past three or four years, to the value of £3.5 million. Every settlement in mid-Ulster has benefited from that programme, so we are very concerned about the funding interventions going forward.

Ms Sheerin: I concur with everything that you are saying. We want to get some answers going forward, and that is the concern. Thank you.

Mr Lunn: Hello, Dominic and Mark. I think that Dominic mentioned in his presentation the spectacular success that mid-Ulster has in the production of heavy machinery, quarry plant and so on. That has been a long-term thing with the companies that you have up there. What proportion of that goes to export? Maybe you cannot tell me off the top of your head. How much goes to the UK and then to Europe specifically?

Councillor Molloy: Thanks, Trevor. Mark has some figures that he might be able to refer to. A large percentage of that is exported. Yes, the quarrying industry here would have some impact on it, but a large proportion of it is exported. Mark referred to the migrant labour workforce, and that workforce has been part and parcel and at the centre of the expansion of that industry. A lot of companies would not have been able to expand in the way that they did without that labour.

Mr Kelso: To go back to the figures that have been requested, in the mid-Ulster area, in 2019, external sales were to the value of £3 billion. The export amount was £1.3 billion, so a sizeable proportion of the manufacturing in mid-Ulster does go to export. The way the new systems will be put in place is a major concern for us, and we understand that the new software systems — the trader support systems — have only recently come to fruition. The Government have invested heavily, or are proposing to invest heavily, in that process, but we are now less than eight weeks away from D-Day, and the systems have not been tested or trialled. We have large manufacturing companies that need to get product out of the country, and we have to have assurances that those systems will be fit for purpose. Companies need those assurances as well. We are not getting any indication that that is there at the moment.

Mr Lunn: You said that £1.3 billion goes to export. Is that to European export or does that include what goes to the rest of the UK?

Mr Kelso: I would not have the further breakdown of that figure. We can certainly get that for the Committee.

Mr Lunn: The rest of it, then, the £1.7 billion that is left, would be used and sold locally, to mainly the quarry industry, is that correct?

Mr Kelso: Those are generic figures for all manufacturing businesses, so that would be food manufacturing and engineering. Those figures would be in the round. Over 50% of food manufacturing sales go straight to the UK mainland. We can get further detailed information on that, Chair and members, if that is required.

Mr Lunn: Thanks for that. It would be an absolute tragedy if that export was interfered with. I hope that things go well for you.

Ms Anderson: Thank you, Dominic and Mark, for the presentation and information.

As you said, we are only eight weeks away. Notwithstanding the importance of the British market, which you outlined, it is North/South and east-west. When I was looking at the figures from North to South, the EU and rest of the world, it all comes together through access to the EU of £11.2 billion. From the North to Britain is £10.6 billion.

On top of what you mentioned, I wonder if you would have time — not today, obviously, but before the end of the eight-week period — to look at the access that is going to be lost, by businesses and the manufacturing industry in your area, to the 60 free-trade agreements (FTAs) in the EU. Not only will you have a loss with the impact of Brexit — we know it is a disaster, and we knew that it was going to have an impact one way or the other, and those who promoted it should have known that, too — regardless of what happens, the North is going to lose access to the 60 free-trade agreements that the EU has with other parts of the world. Has consideration been given to that by the council?

You spoke of the 10,000 migrant workers. The discriminatory points-based immigration system will devastate sectors such as agriculture. How is that going to be managed? You and other councils are, rightly so, talking about a lack of clarity. As Emma Sheerin has said, there is a lack of clarity in the Executive Office because the British Government are the negotiators, and they are not sharing that with here, Scotland or anywhere else.

Councillor Molloy: There are major concerns around those trade agreements and the lack of closure and settlement of them. The loss of those, particularly to telehandling and quarry equipment, and the aircraft-supply manufacturing base, would be a major concern. We would ask that the Department for the Economy re-engages with Oxford Economics to review the impact on the district, now and for the future — not just the next 12 to 24 months but 10 years down the line.

We have one positive; the migrant base is largely settled. We have had a lot of migration back to home countries: Poland, Lithuania and Portugal. However, a large percentage of people have settled well and integrated well in this area, and we are now seeing second generations of those families. It is unknown how many will travel back. If things get tough and jobs are lost, those families will uproot again and move on.

Ms Anderson: I have one final question about that. The common travel area only applies, as we know, to British and Irish people and not to anyone else. Have they been able to apply for settlement status? Has there been any help for them to do that? Even though they have settled and, as you said, thankfully, made this place their home, we want them to stay, so we need to make sure that the new immigration policy will not result in them being forced out of here.

Councillor Molloy: Local companies have tried to engage with their workforce, but it is largely ad hoc. It is hit and miss. The small and medium enterprises have not done that, as they do not have a dedicated team to engage with their workforce to ask whether they have applied for settlement status. A lot of them are not aware of the implications of not having gone through the process, unfortunately.

Ms Anderson: It is a disaster.

The Chairperson (Mr McGrath): Gentlemen, thank you very much for your presentation. It has enlightened us on the unique issues that impact you in mid-Ulster. I will include those in the report that we will put together. We really appreciate you taking the time to be with us today. Thank you.

Councillor Molloy: It is much appreciated, Chair. If there is any more information that we can send through, we will be happy to do so.

The Chairperson (Mr McGrath): OK. Thank you very much.