



Northern Ireland
Assembly

Committee for Agriculture, Environment and
Rural Affairs

OFFICIAL REPORT (Hansard)

Future Agricultural Policy and Basic Payment Scheme:
Ulster Farmers' Union

19 November 2020

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Declan McAleer (Chairperson)
Mr Philip McGuigan (Deputy Chairperson)
Ms Clare Bailey
Mrs Rosemary Barton
Mr John Blair
Mr Maurice Bradley
Mr Harry Harvey
Mr William Irwin
Mr Patsy McGlone

Witnesses:

Mr Wesley Aston	Ulster Farmers' Union
Mr David Brown	Ulster Farmers' Union
Mr Victor Chestnutt	Ulster Farmers' Union
Mr William Irvine	Ulster Farmers' Union

The Chairperson (Mr McAleer): I welcome, by StarLeaf, Victor Chestnutt, the president; David Brown, the deputy president; William Irvine, the deputy president; and Wesley Aston, the CEO. The Ulster Farmers' Union (UFU) witnesses have been provided with a copy of Mr Poots's statement from Tuesday and have been listening to the briefing that we have just received from DAERA. I understand that you have to be away for another engagement just after 11.00 am, so we will be as concise as we can. If you could take 10 minutes or so to brief the Committee, we will ask some questions and take it from there. Thank you very much to whoever wants to kick off.

Mr Victor Chestnutt (Ulster Farmers' Union): Good morning, and thank you for having us from the UFU. Can you all hear me all right?

The Chairperson (Mr McAleer): Yes.

Mr Chestnutt: Good. As I said, thank you for having us from the UFU at this crucial time in agriculture policy change in Northern Ireland. To set the scene, this really all came about after 2017 and the move away to Brexit and coming away from the CAP. At that time, our policy committee started to consider options for a new domestic agriculture policy under three cornerstones. The cornerstones were productivity, sustainability and resilience. The UFU's position was that, while the importance of direct support will be related to any trade agreements that are reached, there are a number of key overarching principles that are essential. Those are to maintain, at least, the level of existing support

and investment in Northern Ireland's farming. We have maybe achieved that, for the meantime anyway. Flexibility through devolution allows the best adaption of a common policy framework to the different regional needs of farming. It is very important that Northern Ireland has the flexibility to provide for a sufficient delivery and implementation transition to give individual farm businesses the necessary time to adapt. Support should also be targeted at those who actively take the risks in the primary food production sector.

The UFU's vision is for a productive, progressive, sustainable and, most importantly, profitable farming sector. We are now in a time of unprecedented change that presents a once-in-a-generation opportunity to shape the future of Northern Ireland's agriculture, and the UFU wants to work with the Government and other industry partners to realise that opportunity. Against that background, we welcome the clarification given by the Agriculture Minister earlier this week on the simplification and improvement of the governance rules intended for direct support next year. We have lobbied for some time on that issue. The UFU also welcomes the Minister's commitment to work with the industry and other stakeholders to move towards something new that will better address the needs of Northern Ireland's agriculture sector. The UFU also welcomes the pilot scheme for protein crops that was announced — again, something that we have been looking for. Our policy committees have started work at an industry level to feed in to this process. The Andersons Centre has been involved in looking at what future support the beef industry will need, and that work has been completed. The work on the dairy industry is under way and, indeed, the arable work is working too.

At this stage, I will ask David to say a brief word about the livestock committees and William to have a brief word on where the arable sector is at. Thank you.

Mr David Brown (Ulster Farmers' Union): Thank you, president. The president has said that the work in relation to looking to the future has already begun within UFU. We have the report from the Andersons Centre on the beef sector, which I believe the Committee has received. Andersons are currently working on a dairy sector. We have a timeline, and if the Andersons Centre can stick to the timeline, the report will be delivered by the end of January. We would like to think that that also could feed into considerations. There is a recognition and an acknowledgement that, in reality, any future support will be about delivering outcomes. I am not sure if the Committee has had time to look over some of the suggestions in the Andersons Centre's beef report. In reality, it is a recognition that, while the Minister has made it clear that there will be a resilience payment — in other words, a baseline payment — the UFU absolutely accept that our farmers, in all sectors, are looking towards what mechanisms will deliver for the environment and so forth.

Another point that has been highlighted in the Andersons report and is pretty topical at the minute about Brexit and the Northern Ireland protocol is the fact that we will be aligned with the ROI. There is a huge distinction there in terms of support. I know the Minister said this week that he is considering coupled support for both sucklers and sheep. In reality, under the Northern Ireland protocol he is limited in the percentage that he can move toward that couple support. In the south of Ireland, there are a number of acronyms that I will not go into the detail of — BEEP schemes and BEAM schemes — that are genetic payments towards suckler calves. There are payments for environmental benefits, and there is a sheep payment. All of those — £40 per calf, £120 per hectare and £10 per ewe — are payments that do not exist in the North and, ultimately, they are a challenge to our industry, particularly the beef sector. They are competing on an all-island basis. At the end of the day, we want Irish beef to continue to supply the UK and GB markets, yet the payments that directly support that sector in the South of Ireland do not exist in our suckler or beef sectors, which you could describe as vulnerable. In reality, it is mainly in those grass-based sectors that we see a challenge. I would not want to underestimate the challenges in the dairy sector either, given the volatility that exists there.

Mr Chestnutt: William, over to you. William, you are on mute.

The Chairperson (Mr McAleer): William Irvine, not William Irwin, although he is down to ask a question *[Laughter.]* They are both Armagh men as well.

Mr Irwin: That is right.

Mr William Irvine (Ulster Farmers' Union): Apologies for starting on mute. I have spent a lot of time talking to myself in recent times on Teams meetings *[Laughter.]*

The Chairperson (Mr McAleer): Welcome to my world.

Mr Irvine: I will briefly address the situation for cereals, potatoes and vegetables. In many respects, those three sectors feel like forgotten sectors, especially cereals and potatoes, for which the acreage has been in decline for many years. It has been said previously that we are at a crossroads and at a time of significant change for agriculture. It is a perfect time to reassess the support that cereals, potatoes and vegetables receive.

The union is working on a combined paper for the three sectors because they have many similarities. They are soil-based and involve the use of ploughs and the working of the soil, and we felt that we could make a better and more concise case over the three sectors. We hope to see that before the end of this year. We will then debate it internally, and hopefully, it will be available for a wider audience in January. We welcome the announcement about the protein payments. That is a helpful direction in which to go.

On the big picture, if those sectors could achieve a better place in the Northern Ireland food story, it would create a better balance in food production across Northern Ireland and bring improved soil health and environmental benefits due to proper rotations and a more balanced approach being taken. We are moving in that direction.

When we have looked at what might be available, we are very aware of what is happening in Southern Ireland. Through targeted agricultural modernisation schemes (TAMS) grant aid support and other supports, they have many advantages over us. The recent farm business improvement scheme (FBIS) grant has just been announced, and, by and large, it does not deliver for the sectors. It would make a significant difference to the viability of the arable sectors if they were to receive support similar to that in the South. That is my piece.

The Chairperson (Mr McAleer): Thank you, William.

Mr Chestnutt: Thank you, Declan. Over to you.

The Chairperson (Mr McAleer): All right. Thank you, Victor. I want to thank you for that very helpful overview and report.

I want to pick up something with any of you. You may have been listening earlier and heard me touch on the issue of injecting fairness into the food supply chain. Does the UFU have any assessment of how that could be achieved? You will know better than any of us that the price that you get for your primary product is very small compared to the ultimate profit at the end of the food retail chain.

Mr Chestnutt: Yes. That is something that we have always been exercised about. To take turnips as an example, a couple of years ago, the farmer would get 8p, and they were being sold on supermarket shelves for anything between 88p and £1.12. We feel that that is wrong. We would like more back.

Having said that, we realise that we are in a very competitive industry and that we have to compete to get our markets. We encourage longer-term contracts. We are seeing longer-term contracts being offered on small amounts of milk, up to a maximum of 30%. Some of the contracts are just 5% or 10%, which might be a comfort to some people but is fairly small in relation to the output from the farm. The difficulty is that, while you can, maybe, lock in a proportion of your milk at a certain price for three years, you cannot lock in any inputs, so, basically, you are locking them in on one side and not on the other. It is an ongoing challenge, yes.

The Chairperson (Mr McAleer): David, are you looking to come in there?

Mr Brown: From a UFU perspective, this is about protecting family farms and family businesses, because, ultimately, Ireland is not called the Emerald Isle for no reason. It is very capable, on a grass-based system, of competing in dairy, beef and so on. The point I want to make is that that competition would absolutely be undermined. The Committee is probably well aware of the case that we have been making around imports and the standard of those imports, but if those imports were to come in from other regions, we would, at the end of the day, have to recognise that it would absolutely undermine the production systems that we have. We do not want to see a move towards huge feedlots and all of that. We want to protect the structure and the societal interests that we have in the type of farming that exists in our country.

The Chairperson (Mr McAleer): On the topic that David just raised, you have another very important role on the Trade and Agriculture Commission, Victor, and there was some good news recently about

it being brought onto a statutory footing. Will you elaborate on what important role it can play in protecting our food security and standards?

Mr Chestnutt: Yes. The commission is working away. We have held regional roadshows, and it is fair to say — this is not me blowing our own trumpet — that the passion for food and food production at the Northern Ireland roadshow was, if not the top, one of the top among all the regions. It is starting to come through that the quality of the food that we eat, the environmental footprint of that food and the animal welfare associated with that food is important. It was very important to get that on the statute books so that any future trade deal will be able to be scrutinised. We really want a trade commission, and we are lobbying to have an input into the negotiation of any trade deal during the negotiation period, rather than just leaving it until the end, when the MPs will be faced with a yes-or-no decision.

Our aims are to try to improve animal welfare and environmental standards worldwide and to not lower the production standards in the UK. It makes no sense at all to develop environmental standards and animal welfare standards in this country and then ask farmers to compete with producers in a totally different system in other parts of the world, whether that involves removing rainforests to provide more ground for beef production in Brazil or putting twice the number of chickens in a shed in America and cleaning them up with chlorine. I do not think that UK consumers want food produced to lower standards, and our consumers have backed us very well. In fact, COVID-19 has made people more aware of the food that they eat, and the busyness of life before COVID maybe meant that less attention was given to the food that we eat. Henry Dimbleby said that there is nothing more important than the food that we eat.

The Chairperson (Mr McAleer): Thanks for that, Victor. It is a good to have a local person like you on that commission and at the cutting edge of agricultural production. Wesley, do you have a virtual hand up?

Mr Wesley Aston (Ulster Farmers' Union): I do have my virtual hand up, thank you, Chairman. To pick up on what the president has said with regard to the Trade and Agriculture Commission, particularly with regard to the ongoing negotiation that the UK is having with third countries. There are also various trade advisory groups. They have one for agri-food at UK level. I sit on that, and we are having regular discussions with the UK Department for International Trade on what it is doing with regard to its negotiations with the likes of the US and Australia. From our perspective, a couple of key and positive things are coming out of that. The first one is that it is very clear that it is identifying sensitive sectors, and agri-food has not been put on the table yet in most cases, and that is because that is further down the line. Certainly, the UK now recognises the sensitivities around food trade as opposed to automotives or anything else like that.

The other one is, to pick up on the point that the president made, that we are actually getting direct input into these things now. There are offensive and defensive asks, and there is a lot more engagement than there would have been previously, so it is encouraging to see that happening. Certainly, we are trying to shape things, going forward, as best as we can.

The Chairperson (Mr McAleer): Thank you, Wesley. We are going to move around the room. How about the other William from Armagh?

Mr Irwin: Thank you, Chairman.

You are very welcome, and thank you for your presentation. It is good to see that you are broadly welcoming the Minister's approach.

On coupled support, the Minister will be tied to the percentage that he can direct in that way. Do you not think that it is vital that the most vulnerable sectors, given that there is only a certain percentage that can be targeted to coupled support, should be the ones that would be able to avail themselves of that?

Mr Chestnutt: Yes, we totally agree with that. David has highlighted the differences between the schemes that are available south of the border and those we have here. We are totally in agreement that the vulnerable sectors are the ones that should receive that coupled support.

Mr Irwin: I think that that will be vital because, although we all cry, and everyone will put their hand out and look for more, but there are sectors that are doing reasonably well and other sectors that have

been struggling for some time, so it is important that we identify the sectors that are most in need and try to target those sectors.

Fairness in the food supply chain has been an issue for many years, from when I was the Chair of the Committee and even long before that. We have never seemed to be able to get much headway on that. The farmer seems, at the end of the day, to be the price taker and not the price maker; the supermarket can dictate what they buy and sell at. It is a real challenge to get that bit of fairness that we need into the supply chain, and I am sure that you will accept that. However, I am not so sure how we do that; it seems a big challenge to get there.

Mr Chestnutt: Yes, I totally agree. As the Good Book says:

"The ... farmer should be the first to receive a share of the crops",

and it seems to have got turned on its head, as we seem to be the last that get rewarded; everybody else gets their cut, and the farmers get the wee bit that is left. Somehow, we have to work together in supply chains that are linked up to bring the whole supply chain along for the sake of sustainability for our farm businesses. But it is not only farm businesses, it is our food supply and environmental footprint on the ground. We need to be profitable; that is the main thing.

Mrs Barton: Thank you very much, gentlemen, for your presentation. David, my question is addressed to you. When you were speaking, I got the impression that you were really concerned, particularly about the beef industry, and that you were not on a level playing field with the Republic of Ireland. How do you think that the Minister should address that?

Mr Brown: First and foremost, I acknowledge and recognise that there is a price differential. As our beef can go into the GB market, as Red Tractor, we get one pence per kilo more than they do, currently, for Irish beef. However, given where we are with the Northern Ireland protocol, ultimately Northern Ireland beef will compete with Irish beef in the UK market place. I draw some comfort from the Minister's message to the Assembly, in that he said, in looking at vulnerable sectors, he was considering the suckler and sheep sectors. Anybody who has taken time to look at the figures that come out from the College of Agriculture, Food and Rural Enterprise (CAFRE) and the organisations that benchmark and record, will acknowledge that, even looking at our single farm payment, there are years — the past year was an example — where the total income from farming was on a par with the total pot of money that came in single farm payment. There are years where it is 80% or 85%. It averages that. The whole of agriculture in Northern Ireland is dependent on that support package. Mr Irwin has alluded to the fact that, at times, some sectors are profit-making. Unfortunately, those sectors tend to be at the bottom of that pile. Everybody will say that they need and should be entitled to support. However, the dairy sector suffers from the volatility that exists. There are years when it can be profitable, but there are others when its hand is out and it needs that single farm payment just as much as any other sector. We would welcome something to address that vulnerability.

Mrs Barton: My other question is for Victor. Given the Minister's statement, how will you address the situation where the farmer seems to be at the bottom of the pile? It seems that supermarkets dictate prices in milk and so on. How will you lobby the Minister to ensure that that is turned on its head?

Mr Chestnutt: We have engaged with supermarkets over the last few years, and we must say that they support Red Tractor UK produce, British produce, which is our produce. That is why there is a price differential between our beef and Republic of Ireland beef. We will lobby to continue that.

The service industry is the one that lets us down. It seems to buy from the cheapest source, so we have a job of work to do with that industry. Price will always be important to supermarkets. I do not mean to be flippant, but they support us by buying our produce, though it is a constant battle to get the right recompense for it. However, if the service industry and government procurement supported us the way the retail industry does, it would help increase demand for our produce. I am keen not to just point the finger at supermarkets, because they and the British consumer are loyal to British Red Tractor food. It commands a premium, and we want to retain that.

The Chairperson (Mr McAleer): Before I move onto the next member, I want to pick up on something that you mentioned, in your answer to Rosemary, about the disparity between North and South because of the different levels of support. What are the implications of the North not being included in the bid for protected geographical indication (PGI) for beef?

Mr Brown: From the very outset, William Irvine has taken over that responsibility for the beef sector. I made representations to Bord Bia right back in the early part of this year, before they put their bid out to consultation. The point we made was that, in the past, Northern Ireland has supplied Albert Heijn and different parts of Europe, and the produce has always had the Irish grass-fed label, although not a PGI label. That is the marketing tool that our processors and the beef industry have used. It was highlighted very quickly to us that, if, for example, the South of Ireland was able to achieve a beef PGI, based on the cows being grass fed, that would preclude Northern Ireland from using that terminology and language. In other words, the geographic indicator would be solely for Southern Ireland.

In initial discussions with both the Department of Agriculture, Food and the Marine (DAFM) and Bord Bia, they seemed quite open to the possibility of Northern Ireland joining in and being part of that. To be honest, at present, we are struggling to get that recognition because they are, I understand, putting their application in to Europe. Ultimately, a geographic indicator, by the very nature of its name, is about a geographical area, and, if an application is put in on the basis of the Twenty-Six Counties, excluding the Six Counties, it will be much more difficult for us, if not nigh on impossible. The advice that we have from DAERA and DEFRA is that, if we are not included from the outset, it will be very difficult for us to be included at a later stage. That would really disadvantage us. Ultimately, although I have pointed to the fact that a lot of our beef goes across to the GB marketplace, in reality, we are moving to a new place where we want access to other markets as well. If that grass-fed PGI is to deliver, it should deliver for the whole island of Ireland.

The Chairperson (Mr McAleer): David, thanks for elaborating on that. That is a crucial point. It does not make sense. The cattle in this part of the island are reared to the exact same standard and have the exact same traceability as cattle in the rest of the island. That is very acute in Fermanagh, where you and Rosemary are from, given that one farm could be in the Southern jurisdiction and a neighbouring farm could be in the Northern jurisdiction. The cattle are reared to the exact same standard, so it does not make sense at all. The Committee should look at that. I will move on quickly.

Ms Bailey: I have loads of questions, but this is a wee quick one following on from the conversation about supermarkets supporting local produce and the Red Tractor logo. Would there be any merit in having a regulation that would require large supermarkets or large corporations that sell here to source local produce?

Mr Chestnutt: The logistics of large supermarkets are such that a lot of the large distribution centres are across the water. Our Red Tractor produce is recognised as being British, so I do not see a regulation being a lot of good to our small region. Having that said, we thank the public and our customers for supporting local producers. We, as a society, have got used to having everything 365 days a year. There is no seasonality with produce. We have done ourselves a disservice by doing that. You used to look forward to strawberries coming in May, and now you can get them throughout the winter. You used to get lamb only at Easter. There used to be a season for certain produce, but now our supermarkets have everything on the shelf 365 days a year. I do not think, when you examine it, that that has really helped society. That is another story, and I am maybe getting off the subject a wee bit.

Ms Bailey: I completely agree with you.

We are looking at scenario planning and what is working elsewhere with basic payments and the like. Are there any good models out there that you would like to see adopted here? I know that we have our local context and that any model would need to be tailored to our needs, but, as a general system, is there one that the UFU favours?

Mr Chestnutt: We will not be looking at something else that suits another country. We think that we are unique, and that is what our committees are spending and have spent time on. Our red meat sector, beef sector and sheep sector have spent a lot of time with the Northern Ireland Meat Exporters Association (NIMEA) and the Livestock and Meat Commission (LMC) on the Andersons Centre report. Our dairy committee is doing the same with the Andersons Centre. As William said, the arable side is doing the same. We are looking for a bespoke arrangement that suits Northern Ireland agriculture, so that we can go forward being profitable and sustainable. Sustainable means sustainable for the farming family, the environment and profitability. We need to be progressive, so we cannot have anything that holds us back on any of those fronts. If we are not profitable, we cannot invest in the environment. In my experience, the farms that did the most environmental works were the ones that were the most profitable.

Ms Bailey: That is interesting. Thank you.

My last question might be a bit off-track, but I was looking at the National Farmers Union's reports on net zero. It has set itself the target of the year 2040 being the date for having carbon-friendly farming. Do you have any thoughts on that? Are we anywhere near to having as much detail in terms of the policy content, the deadlines, linking that to energy policy and infrastructure for the farming sector, planning and sustainable land management? Are we looking at things in the whole at that level in Northern Ireland?

Mr Chestnutt: Yes, we are doing a lot of work. The sustainable planning management group is doing work. Why did we not come out and pick a date out of the air and say that we will be carbon-neutral then? We need to know where we are and the journey that we have to go on. That is why we, as a union, have not come out and said that we will be carbon-neutral by x date in the future. Our ambition is to be there as soon as possible, but, until we know where we are and the process that we need to engage in to get there, we cannot say. Plucking a figure out of the air is very good for headlines, but, in reality, we need to know what we have to do.

We need to know exactly the measurements for the sequestration of our hedges in Northern Ireland. We have more hedgerows in Northern Ireland for our land mass than anywhere else, especially parts of the UK, such as the east of England, where all that you get is single crops and massive fields of 500 acres. Our farms are only a quarter of that size. We need to measure what our hedgerows do and to find out what the sequestration is. I remember, just over a year ago, being at a beekeepers' conference, and I asked the beekeepers, "What is it that you want us farmers to do for you?", and the answer that I was expecting was to grow pollinator mixes and so on. The man whom I was talking to completely shocked me by saying, "Leave your hedge cutter in the shed. Let your hedges grow a metre higher and a metre wider. That will be a great haven for bees. It will also capture an extra million tons of CO₂". There are things that we, as farmers, can do.

Our countryside looks well. It looks the way that the public want it to. We can increase that. Every field should not have a wire fence around the outside; it should have a hedge. I am not against removing hedges. In fact, I have submitted an application to remove one hedge between two fields to make them more farming-friendly. My mitigation for that application to remove the hedge is that I will plant twice its length along the bottom of the field. We need the flexibility to take out a hedge but then to maybe put in one twice its size.

In answer to your question: we need to correctly measure how our farming is sequestering carbon and to know where we stand before we can pick a date.

Ms Bailey: Brilliant. Thank you, Victor. That is great. I absolutely agree: bring down fences and plant more hedges.

Mr Brown: I want to draw a point to the Committee's attention, and it would be remiss of me not to do so. Discussions will take place in the Assembly about the renewable heat incentive (RHI). A lot of our poultry industry has invested in biomass. The figures that we are getting — this pertains to Clare's question about carbon — suggest that we have to have a holistic approach. There is the removal of biomass in heating poultry sheds, and it is not just about farms, of course. The figures that we have been fed back suggest that retaining it would reduce carbon by 7% in Northern Ireland. There needs to be a holistic approach to getting to that date and, at some point, setting a target date to achieve the net zero. All that is part and parcel of what is impacting on agriculture.

Ms Bailey: Thank you.

Mr Blair: I have two questions that I will deal with separately. I thank our guests for their presentation and information. In the evolving situation, it appears that Northern Ireland goods could move freely within the EU but not, perhaps, into regions with which the EU has free trade agreements. Is that likely to be a problem, and, if so, what will the scale of the problem be? Has the Ulster Farmers' Union received assurances from the UK Government about what actions they are taking about that in the negotiations?

Mr Chestnutt: That is a concern. About 30% of our milk goes to the South for processing. Some comes back into the UK market, and some stays in the European market, but quite a lot of it goes to Asia and Africa in powder form.

The Ulster Farmers' Union meets regularly with the Irish Farmers' Association (IFA). On the last PGI conversation, the IFA was supportive of Northern Ireland being included in that PGI application, but that is by the way.

The IFA was meeting Simon Coveney just after our last meeting, and we asked it to raise that issue with him. We heard, a week to 10 days later, that Simon Coveney had been lobbying the EU to that effect. In fact, he went further than Northern Ireland goods by saying that businesses would be eligible to enter into EU third-country trade deals.

The UK Government tell us that that is not in their remit, and the EU says that the third country has to be contacted. As you would expect, we have been contacting our processors south of the border, and some are saying that they have been contacting their markets. One of them said — I forget the exact figures — that over 90% of their third-country contacts to whom they sold their products were happy with product from Northern Ireland. They said that they would just disregard the others, which were quite small anyway.

It is a concern. If there was a hiccup, that would stop normal trade flows. We need to have the facility to go into EU or UK trade deals, otherwise the protocol does not work as intended.

Mr Blair: I am grateful for the frankness of that answer. It might be something that the Committee could look at in terms of previous discussions with the House of Lords Committee or in relation to other actions that we might be able to take.

My second question is about the movement of product from GB to NI. I am thinking of potatoes, which, I understand, are brought in here from Lincolnshire and Cambridgeshire, largely for chipping, and are distributed by people locally, and seed potatoes, which mostly come to Northern Ireland from Scotland, I understand. Is there an awareness of problems that might arise in the movement of those goods? Do you envisage problems?

Mr Chestnutt: Yes. It is not only seed potatoes. It is cereal seeds and grass seeds, and chemicals. We are aware of that and are working on it. Until the UK gets third-country status, there is no sanitary and phytosanitary (SPS) control paperwork to enable that to happen. The Scots, who send a lot of seed potatoes here, are already on that case.

I will ask William whether he wants to comment. I maybe stole your thunder, William.

Mr Irvine: Northern Ireland uses quite a bit of seed potato that is sourced in Scotland. From 1 January, regardless of whether there is a deal or not, GB potatoes will undergo border checks because they will, effectively, be coming into the EU from a third country. That will be a hiccup in that trade. Local potato growers are quite keen that they up their production and use that as an opportunity. Trade begets trade. The more freely that it works, the better for the whole industry. The cereal seeds are also quite largely sourced from GB, and it is all uncertain at the minute. For this year, a lot of the growers are trying to have their arrangements all made before the end of the year, but to do so has a big financial impact on them.

Mr Chestnutt: On the announcement that there may be a protein crop payment, the majority of the seed for that will, undoubtedly, have to come from the UK mainland. If we do not get this sorted out, the fact is that it will not be growing in Northern Ireland. You cannot grow anything without seed, so this needs to be sorted out. You might have heard me on the radio saying that the agri-food industry in Northern Ireland is not ready and will not be ready on 1 January. The Government have promised an agri-food movement assistance scheme to help with SPS requirements. That is not even set up yet, so how can we be ready? We have not had sight of anything on that. We had a meeting with the trader support service last Monday night, and, seemingly, anybody who brings anything in should be registered. We are only starting to hear that now. The Department has been behind the curve on that. It is running a meeting on 23 November, but, for that registration to be simplest, it had to be done before 23 November to be automatic. We are trailing our feet a bit on this, and everything is coming at us very quickly. There is a lot of sorting out to be done between now and the end of the year.

The Chairperson (Mr McAleer): Victor, I know that we are slightly off the topic of the future agricultural policy, but has the trader support service been of any help to you in farming?

Mr Chestnutt: We had a meeting on Monday night. We had 233 of our members and Shanker Singham and Frank Dunsmuir, who run the trader support service. Basically, the level of detail of what

has to go through shocked us all. I think that that is a fair comment. I will ask David and William to nod if they think that as well. I got a shock about how complicated things are going to be. Sometimes, terminology has a terrible drawback to it, but, call it what you like — honeymoon period, adaptation period or adjustment period — we need a period, after 1 January, to adjust.

My thoughts on changing everything on day one are that we should have some sort of a phased approach, where we try to sort out manufacturing goods one week, move on to something else another week, and so on. The agri-food sector has perishable goods, especially on the horticultural side. For example, a load of mushrooms cannot sit on the port waiting for them to sort themselves out. The other big concern to us is that much of our agri-food produce goes down through Dublin port, and we do not know how that will work or whether it will work. There are huge problems in bringing in stuff from GB, but there are also questions to be asked about getting our food out.

I am sorry that I have no answers, but I am outlining the problems. We are supposed to be in a transition period. We know where we are coming from, but we do not have a clue where we are going to. I liken that to me telling you to set off on a car journey and, five minutes before you are supposed to arrive, telling you where you are going; you could have been heading in the wrong direction all along. We need clarity; we need to know where we are going to land and time to get there.

The Chairperson (Mr McAleer): Thank you, Victor, for that clear description of where we are going — or not going.

Mr McGlone: Victor gave the analogy of a car journey. Maybe a wee bit of tyre kicking would have been needed before trading in the model that they had, but, anyway, there you go [*Laughter.*] That is me speaking as a mechanic's son. Did you get the opportunity to listen to the departmental officials when they talked about the basic payment scheme?

Mr Chestnutt: Yes.

Mr McGlone: I am depending on you, because you are the guys who are at the coalface. If there are key priorities and key elements to that that, you think, the Committee should be pursuing, what are those? I know that you have your papers there, but, in the interests of having — I will phrase it this way — a more professional transition than what we are experiencing now to ensure incomes and sustainability for family farms and the likes, can you give us a bit of a synopsis of that?

On the second bit, I am glad that we have a local person on the trade and agriculture commission. I am very interested to hear what level of communication Liz Truss is having with the commission. Part of that commission's work is to explore what other export opportunities or export markets there might be. Has she given any indication at all on any actual opportunities, as opposed to perceived opportunities, that there are to sustain the markets and the producers here in Northern Ireland?

Mr Chestnutt: I will take the question about the trade and agriculture commission first. Liz Truss has ongoing dialogue with the chair of the commission, but she does not have any dialogue with the commission's members. At the minute, we are midway through a process. We have to provide a report. Wesley sits on that grouping, which is examining the trade deals as they go forward, and it is good to have him in there on that. It is premature for me to say what opportunities are out there as yet. We are hearing from different areas and different things, but I do not really have anything definitive to tell you on that front. We are glad that it has been put on a more legal footing, and we want to have ongoing discussions with negotiators as they go through trade deals, rather than getting sight of the trade deal after it has more or less been done. Wesley, do you want to comment on the agriculture boards that you sit on?

Mr Aston: Thank you, president. I have nothing much to add, Patsy, to what the president has outlined. It is early stages, and they are in various rounds. With Australia, it has only started. With New Zealand, it has not really started. It is further on with the US, but, obviously, there was an election across there. We are only getting to the stage of looking at what they call "offensive asks" on some of those things, which is what we see as potential export opportunities. Then, obviously, there is the defensive side of things, which is imports. It is at the very early stages yet, and these things take time. At least we are in there, which, as I mentioned at the outset, is encouraging.

Mr McGlone: Thank you.

Mr Chestnutt: To come back to your first question, it is more or less on the Minister's statement. We are very glad to see the relaxation of cross-compliance issues and the crazy situation where, if you have a fine this year, it could go back for a number of years. That has ended. I have always said that we should have a fine for a crime, not for a percentage of an unknown amount. I think that there is a lot to take comfort from in the Minister's speech.

On the young farmers thing, we are content enough with the three tries to get into it, because we all realise that, in some cases, it was being abused. I think that we can say that. We welcome the clarification that has been given by DAERA going forward on the improvements of governance and a more common-sense approach being taken. In the past, we have gone to court with DAERA because it did not listen to the view of independent panels. If you are not going to listen to the view of an independent panel, why have it in the first place? So, we welcome that.

On the future support issues and what is really a priority, I think that this is a unique opportunity to develop a bespoke scheme for the whole of Northern Ireland, and we have to move there bit by bit. I suppose that "transition" is the word. We cannot just jump off a cliff edge into a new system, but we need to start on that road. We recognise that, while the system that we had delivered support to Northern Ireland farms, a lot of that support was going to farmers who maybe were active only in a small sort of way and maybe were not contributing to environmental outcomes or, indeed, to productive outcomes. I will ask David and William whether they want to make a brief comment on that.

Mr Brown: Thank you. Patsy, recognition of a period of transition, as we have had in the past, will be important. As the president outlined, we see this as the start of a process. I suppose that that is the Minister's intention in setting a direction of travel in front of us. We absolutely welcome the opportunity to be part of that discussion. As the president said, we do not want to see something where, as you alluded to, we are jumping off a cliff edge with 1 January ahead of us. We want something that our farmers can prepare for.

Mr McGlone: Thank you.

The Chairperson (Mr McAleer): We have five minutes left until you men have to head on to another meeting. We have three members left to speak.

Mr McGuigan: There was a lot of talk earlier about vulnerable sectors within agriculture and support for them. Rosemary and William touched on it. Was the withdrawal of the areas of natural constraint (ANC) payment a contributing factor to a decline in the beef and sheep sector?

Mr Chestnutt: We recognise that there are areas of natural disadvantage that people have to farm in. Most of those are primary-producing beef and sheep areas. Any coupling of support should help to address that.

Mr McGuigan: Thank you. This morning's conversation has been very useful and informative, so thank you very much for that. Victor, you have said a couple of times that we need to design a bespoke policy for the North. I am trying not to make this sound overtly political — I will probably fail — but I was struck by the fact that, in the earlier parts of your presentation, you talked about things in the South. I probably would have asked this before Brexit, but I am more inclined to ask it now after Brexit: when we are devising a future policy for the North, does it need to be more closely aligned to an all-island agricultural policy? In my view, it does.

Mr Chestnutt: Our money is coming from a different source. That said, we farm the same island and have roughly the same cost base. We need to look across the border to see what areas of their support system work well for them. We should pick the best of what is working for them down there and incorporate it into any new policy.

Mr Irvine: The significant point is that the mass of consumers is in GB. We are in a prime position to help to feed those 65 million people.

Mr McGuigan: OK.

Mr Harvey: Gentlemen, I am glad that you welcome the pilot protein scheme for beans, greens and sweet lupins. It is good that you say that it makes us more self-sustainable. Do you see the scheme being taken up by many farmers? What are the advantages of having those crops here?

Mr Chestnutt: This is something that our arable committee lobbied for in the past. It will be quite small initially. We import a lot of soya from the other side of the world. If you examine the environmental footprint of that, you will probably find that it is not terribly good. Anything that we can do to grow more protein on our farms at home will be welcome. Some of the arable guys will try this a small bit. Norman mentioned a pilot, and we are really at the pilot stage. I see there being more of an uptake if we can get it to grassland farms, which may be able to grow some of this. While it is eligible for combining, they could put it into their silage clamp to produce a higher protein feed and reduce the need to import soya.

Mr Harvey: Interesting. Thank you.

Mr M Bradley: Gentlemen, I have been sitting here listening very intently. It is brilliant information that we are getting this morning. If I picked him up correctly through a poor broadband connection, William Irvine referred to seed potatoes being designated and moving into a third country. Is William saying that foods coming into Northern Ireland will be treated as exports to a third country? Does that mean that tariffs or increased costs may apply to goods like seed potatoes, grass seeds, fertilisers and chemicals moving between Northern Ireland and the rest of the UK?

Mr Irvine: I apologise. I may have given the wrong message there. From 1 January, products moving from mainland GB to Northern Ireland are effectively coming from a third country into EU territory, and that is what raises border issues.

Mr Aston: Maurice, the broader principle is that, until such time as we get the outcome of the UK-EU negotiations on a free trade agreement, we will not be so clear on the tariff situation. It could involve the collection of tariffs and rebates between GB and Northern Ireland. The other thing is that, irrespective of what type of trade deal we do, we have to implement the protocol, particularly around the SPS standards. That is the issue around plant health, particularly in relation to seed potatoes. Those standards will apply in any event. That is the concern in that, if you are moving from GB to Northern Ireland, you are effectively moving from a third country into the EU and, therefore, the rules have to apply.

Mr Brown: Those SPS checks will definitely have a cost.

Mr M Bradley: Thanks for that. I picked you up wrongly, William. Apologies.

The Chairperson (Mr McAleer): Victor, David, William and Wesley, thank you very much. That was a really helpful and informative contribution. Thank you for your ongoing work in lobbying and helping to shape the farming agenda and policies for the betterment of the agri-food industry here. Thank you very much. I will let you get off to your next engagement.

Mr Chestnutt: Thank you very much to the Committee. We are available at any time.

The Chairperson (Mr McAleer): No problem. You are always very welcome. Good luck to you. Bye-bye.