



Northern Ireland  
Assembly

Committee for Agriculture, Environment  
and Rural Affairs

# OFFICIAL REPORT (Hansard)

Legacy EU Common Market Organisation  
Schemes: Department of Agriculture,  
Environment and Rural Affairs

20 June 2024

# NORTHERN IRELAND ASSEMBLY

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Legacy EU Common Market Organisation Schemes:  
Department of Agriculture, Environment and Rural Affairs

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

Mr Tom Elliott (Chairperson)  
Mr Declan McAleer (Deputy Chairperson)  
Miss Nicola Brogan  
Miss Michelle McIlveen  
Miss Áine Murphy

**Witnesses:**

Ms Elaine McCrory  
Mr John Terrington

Department of Agriculture, Environment and Rural Affairs  
Department of Agriculture, Environment and Rural Affairs

**The Chairperson (Mr Elliott):** I welcome John Terrington and Elaine McCrory. Members, you will find in your pack the outcomes of the consultation on a proposed Bill to provide powers to amend two legacy EU common market organisation (CMO) schemes: the fruit and vegetable aid scheme (FVAS); and the agri-food information and promotions scheme. It is over to you, folks.

**Mr John Terrington (Department of Agriculture, Environment and Rural Affairs):** Good morning. I am leading on the proposed small Bill. I am joined by Elaine McCrory, who is taking forward a post-EU review of the legacy fruit and vegetable aid scheme in Northern Ireland.

I am grateful to members for giving us the opportunity to brief them on the outcome of the short consultation on a proposal for a Bill that, as you said, Chair, will provide enabling powers to amend the legislation governing the legacy EU fruit and vegetable aid scheme and the legacy agri-food information and promotions schemes as necessary.

By way of background, prior to the end of EU transition, the UK participated in and received funding for common market organisation schemes, including the two schemes reflected in the proposal. The CMO legislation was converted into UK law when the UK left the EU and was amended to ensure that it works in a UK context. The schemes are governed by legislation that originated in the EU and are now known, as you will be aware, as "assimilated law".

I will give you a quick background on each of the two schemes, if that is helpful. I will start with the fruit and vegetable aid scheme. Under the CMO, farmers and growers in a variety of sectors are incentivised to come together to form producer organisations (POs) in order to strengthen their position in the supply chain and increase competitiveness. The POs provide an opportunity for growers and farmers to share knowledge and technical information, reduce costs, achieve economies

of scale and manage risks. They also provide a mechanism for promoting environmentally sound cultivation practices and production techniques, as well as climate change mitigation. In addition, POs benefit from exemptions from competition rules, allowing joint planning of production and collective bargaining on prices. For that reason, the recognition of POs is a reserved matter. While POs may be found in a wide range of sectors, financial assistance is payable to POs particularly in the horticultural sector, under the fruit and vegetable aid scheme.

Financial assistance is payable to POs that submit an operational programme that meets the regulatory requirements and fits within the UK strategy and environmental framework. Operational funds are part-financed by contributions from PO members, and that aspect is devolved. Following the end of EU transition, funding for the scheme in Northern Ireland is now, therefore, the responsibility of DAERA. Currently, one Northern Ireland PO in the horticulture sector is supported by DAERA, with an approved programme worth up to £2.3 million of DAERA expenditure over the three-year period due to end in December 2025. In addition, there are two mushroom POs with Northern Ireland members but headquartered in England because that is where the majority of their value of market production, or, as I understand it, turnover, is generated. They are currently funded by the Department for Environment, Food and Rural Affairs (DEFRA).

Separate EU legislation provided support for agri-food information and promotion of agricultural products. Under the scheme, not-for-profit organisations could apply to the EU for support for promotional campaigns, primarily in third countries. The aim was to open up new market opportunities for farmers and the wider industry to help them to build their businesses and sell their products in a global marketplace while delivering jobs and growth at home. Since 2003, there have been 35 such programmes in the UK. The largest, most successful UK beneficiary was based here, and that was the Dairy Council for Northern Ireland (DCNI), which successfully applied for and ran programmes for inward and outward trade missions, most recently and until last year, in the Middle East and south-east Asia.

On the need for legislation, since Brexit the Department has had a continuing legal obligation to fund eligible fruit and veg aid scheme claims in Northern Ireland, reflecting the origin of the scheme, where the EU had provided the funding. However, as DAERA is now responsible for funding post exit, there are budget implications, with the potential for new three-year programmes to be submitted for approval next autumn. At this stage, it is unclear what funding will be available to DAERA post 2025 to fund such legacy schemes. In addition, DAERA is undertaking post-EU policy development of agriculture support, including support relating to the horticulture sector and supply chains. New powers will be needed to ensure that there is scope to amend the fruit and veg aid scheme legislation to align with new policy as that is developed. Such powers are already generally available elsewhere in the UK but not here. Similarly, powers will be needed to allow the Department to amend the legislation relating to agri-food promotions.

The consultation closed at the end of May. The Department consulted on proposals that would make FVAS funding discretionary and provide the enabling powers to provide amendments to assimilated law covering both schemes. The consultation ran from 3 April to 27 May. Officials wrote to the Northern Ireland POs and the Department's agricultural policy stakeholder group, which is made up of representatives from across food, farming and environmental organisations, including the Ulster Farmers' Union (UFU) and the Dairy Council for Northern Ireland, which is a recipient of support under the promotion schemes. We also met representatives from the POs that currently benefit from support under the fruit and veg aid scheme — they represented 13 or 14 local mushroom growers — and discussed the proposal with DCNI. Written comments were received from seven organisations, including representatives of local mushroom growers.

There was a mixed response to the proposal to make the fruit and veg aid scheme support discretionary, but most appeared to understand the need for the Minister to have the scope to fully decide on DAERA's future funding policies to provide support where it provides best value for money. There was clear support for the need to have the powers to provide for developing policy. On that basis, it is proposed to bring forward a Bill, subject to Executive agreement, that would make FVAS funding discretionary and empower DAERA to modify the legislation governing the two legacy EU schemes.

Thanks again for the opportunity to brief you. I hope that members found the short introduction, as well as the papers, helpful. We are, of course, happy to take questions.

**The Chairperson (Mr Elliott):** Thank you very much for the presentation. It is useful to hear about those issues, John. Remind me of what you said about the mushroom growers: did you say that they had concerns around some aspects?

**Mr Terrington:** Those who are recipients of the funding have guaranteed funding until the end of next year. Their main concern is that that would stop. Understandably, any scope for the funding to become discretionary will give them concern. However, no decisions along those lines —.

**The Chairperson (Mr Elliott):** "The funding to become discretionary": explain that a bit further.

**Mr Terrington:** At the moment, if a PO puts in a fully pledged programme for the next three years, the Department is required to fund it. It has no say in doing that. The discretionary plan would allow for decisions to be made around how that funding would be best used in the future.

**The Chairperson (Mr Elliott):** OK. So, at this stage, you are saying that there would be no requirement in the legislation for the Department to fund that programme. That would be discretionary.

**Mr Terrington:** The EU had funded this: if the application met all of the EU requirements and the UK strategy, the EU would have funded it.

**The Chairperson (Mr Elliott):** That decision would be solely down to DAERA. DEFRA would have no part in that.

**Mr Terrington:** That is correct. This is a devolved matter. It would be down to the Minister, in line with future plans for support for the horticulture scheme and the outcome of the ongoing review of the fruit and veg aid scheme, and, as I said, there are no decisions on that.

**The Chairperson (Mr Elliott):** Were there other concerns from any group around that?

**Mr Terrington:** It was set out in the consultation that there were concerns about the lack of detail and the lack of those plans, but, for us, that is putting the cart before the horse, in the sense that those reviews are incomplete. There were concerns that Northern Ireland, as it stands or, indeed, without the powers, could not align with changes that have been made to the scheme, for example, as it is in the EU, considering that our local competitors are in the Republic of Ireland. However, their concerns are about what the scheme might look like in the future, but, again, no decisions have been made on that. Those are things that will be taken on board as part of the review, when the Minister looks at how —.

**The Chairperson (Mr Elliott):** Does that degree of instability or not knowing have a significant impact on the producers or growers here?

**Mr Terrington:** I suspect that you will have to ask them that in due course. Obviously, the sooner the Minister completes the review of funding from 2025 onwards, the sooner we will know that we have powers in the Bill to amend the legislation. That means that, were the scheme to continue, we would know the scope to amend it to make it more appropriate to Northern Ireland or, possibly, to align with other places. It is all subject, ultimately, to future decisions by the Minister.

**Mr McAleer:** Thank you, John. I note the response to a question for written answer: between 2014 and 2020, we had a £12.61 million spend from the European agricultural guarantee fund (EAGF). Basically, I am trying to work it out. As a consequence of leaving the EU, is this, effectively, European funding for those schemes coming to an end, meaning that we are now forced to find the money in our budget?

**Ms Elaine McCrory (Department of Agriculture, Environment and Rural Affairs):** It was funded under the EAGF before, which was part of pillar 1 of CAP. The EU stopped funding CMO schemes in October 2020. From that date, each part of the UK has funded the people who are eligible for assistance in their jurisdiction. For example, DAERA has been funding one PO since 2020.

**Mr McAleer:** Will you explain to me in relatively easy-to-understand terms why the funding is being made discretionary rather than mandatory?

**Ms McCrory:** Do you want to take that one, John?

**Mr Terrington:** This is the way that I look at it: the Minister is responsible for his budget. No Minister should have part of their budget taken away without being able to decide how it is spent; in basic terms, that is it. Making the funding discretionary might, in theory, allow for that budget to get bigger, with more POs or more people coming on stream, meaning that that money might be better spent elsewhere. There may be better ways of doing this outside the EU. There may be other areas in which there are budget pressures. Those are really the reasons. My view is that the Minister who is responsible for a policy area should have the say on how the budget is best spent. That would not be allowed without this change. It is the legacy of the EU, which was fine because the EU funded it, but, with limited budgets now, it is not the normal way of doing it. A Minister would not want money taken off their budget before they started planning.

**Mr McAleer:** I just want to be sure about this, so, at the Chair's discretion, I will ask another question. Will that not create a difficult situation that will create uncertainty for growers? If the current Minister or a future Minister has the discretion to pull the funding, will that not make it difficult for growers to predict the future with confidence? I am also aware from meeting representatives of the mushroom sector that they are under big pressures when it comes to access to workers. Does this not just add more uncertainty to their situation?

**Ms McCrory:** Declan, throughout the EU exit process and the planning for after it, we have tried to ensure that we kept things as stable as possible. That is why, across the UK, we agreed to try to make sure that all the current programme dates were aligned to the end of December 2025 in order to give growers that period of stability.

I know that you will talk to the guys after this session. We are trying to keep them as informed as possible about what we are doing and to get their views on the review and the support that they need. There is a bit of time to plan, and, subject to resources, we will try to get the review done as quickly as we can. We can then sit down and have a conversation with the Minister about the best way to support the sector. I will add another point. You will be aware, because the Minister briefed you on this, of the farm support and development programme. He is starting to crystallise his priorities for future support. He will want to see how this fits in with that programme and whether there is something better that can support people.

**Mr McAleer:** Thanks, Elaine and John.

**The Chairperson (Mr Elliott):** OK. There are no other questions. Thank you very much for the information and the update. They are very much appreciated. As you are aware, we will hear from the growers and producers now.

**Ms McCrory:** Thank you.