



Northern Ireland
Assembly

**COMMITTEE FOR
AGRICULTURE AND
RURAL DEVELOPMENT**

OFFICIAL REPORT
(Hansard)

Ministerial Briefing

14 June 2011

NORTHERN IRELAND ASSEMBLY

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RURAL DEVELOPMENT**

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Members present for all or part of the proceedings:

Mr Paul Frew (Chairperson)
Mrs Dolores Kelly (Deputy Chairperson)
Mrs Jo-Anne Dobson
Mr William Irwin
Mr Kieran McCarthy
Mr Oliver McMullan
Mr Conor Murphy
Mr Robin Swann

Witnesses:

Mrs Michelle O'Neill) The Minister of Agriculture and Rural Development

Dr Mark Browne) Department of Agriculture and Rural Development
Mr Gerry Lavery)

The Chairperson:

Minister, you are very welcome to the third meeting of the Committee, as is the permanent secretary of the Department of Agriculture and Rural Development (DARD), Gerry Lavery, and the Department's policy director, Dr Mark Browne. Mark, we have certainly been seeing a lot of you; it is good to see you here again. Minister, we are pleased that you did not hesitate to appear before the Committee at this early stage of your tenure as Minister of Agriculture and Rural Development. The Committee is genuinely looking forward to a positive and constructive working relationship with you and your officials, and we hope that you will be a regular visitor

here, for all the right reasons, as we all strive to bring about Northern Ireland's economic recovery.

As you may know, I was one of the first to speak in the Supply resolution debate in yesterday's plenary session. I made the point that, in contrast to previous mandates, when DARD was the final pick in the appointment of Ministers, your appointment was fifth pick on this occasion. I made a direct connection to the significant fact that, when the First Minister and the deputy First Minister spoke at the Balmoral show, they stressed the relative importance of agriculture to Northern Ireland's economy generally, and the particular importance of the agrifood sector. Even though this is only the third meeting of the Committee, I can assure you that all the members here agree with the views of the First Minister and deputy First Minister in that regard.

Minister, your portfolio extends well beyond the agrifood sector, and there are many challenges ahead. I said yesterday that, provided that you move forward quickly to tackle those challenges, you can expect my support. I said that because the farming community demands that. I go further today and say that the farming community deserves that. It is vital that, as Minister, you are responsive to the needs of the sector and that you act in its best interests, reduce the bureaucratic burden and direct the maximum possible resources to front line services.

The Committee is looking forward to hearing what your priorities are and how you intend to make progress. Although the Committee will be diligent in its scrutiny role, I for one would prefer that you give the Committee every possible opportunity to work with you, to advise you on the representations that are made to us and to support you and work for you for the collective good of the Northern Ireland economy and the benefit of all our citizens. I would welcome proposals from you as to how you consider that the Committee might best provide you with that advice and support.

Jo-Anne has come back to the meeting after asking a question in the Chamber. She was not late; she was asking a question. Minister, I hand over to you, and welcome you to the meeting.

Mrs O'Neill (The Minister of Agriculture and Rural Development):

Thank you very much, Chairman, and I appreciate your opening remarks. It is very important that the Department and the Committee have a constructive relationship. Having sat at the other side of the table for four years, I am aware that no one likes a Minister to come to a Committee and speak for a long time. However, given that it is my first visit to the Committee, it is important that, as you said, I outline what I see as the key priorities for the Department and start some discussion around that. I can stay until 3 pm today. I am happy to take questions, and whatever I cannot answer today, I am happy to come back to you on.

I am glad that we all agree that the local agrifood industry has weathered the recession better than many other parts of our economy. Not only is it one of the largest sectors, but it is proving resilient in these difficult economic times, contributing over £3 billion in sales and almost £1 billion a year in gross value added. That is an impressive start.

The sector provides over 50,000 jobs throughout the supply chain in the North and is forecast to have the second-highest level of growth this year. DARD is a key economic Department, and it has a critical role to play in supporting the agrifood sector in building economic recovery. This requires partnership between government and industry, and co-operation and collaboration across the supply chain. It demands increasing development of our scientific knowledge and innovative techniques, and effective technologic transfer to the industry. It must be built on through improved knowledge and skills, and the key economic role that my Department can play in these issues will be a central focus for me over the next number of years.

One factor that will have a major influence on the future success of the agrifood sector is the CAP reform and the outcome of negotiations on it. I will be putting forward a very strong case for a strong CAP that is adequately funded. I will seek to retain our share of the EU budget under pillar 1. In the past, it has been widely recognised that pillar 2, which deals with rural development funding, has been underfunded, and our share has been unjustifiably low. I will be fighting hard for an increase.

I will also be seeking a CAP outcome that provides sufficient flexibility to allow us to tailor the CAP to fit our own particular needs. I will be looking for a CAP that is simpler for farmers

and administrators alike to implement. That is obviously a major call from the sector.

As a former Deputy Chair, I am very aware of the importance of the Committee's role in the legislative process. You will be aware that, in the previous mandate, my predecessor Minister Gildernew brought forward an extensive programme of legislation, including the Welfare of Animals Act 2011, the Diseases of Animals Act 2010 and the Forestry Act 2010. I am fully committed to implementing that legislation but that will mean a lot of secondary legislation coming to the Committee for scrutiny.

Animal health is a big issue. I am committed to achieving officially brucellosis-free status as early as possible. Good progress has been made, and we could see brucellosis eradicated within the next three years. I am very much committed to that. If we found ourselves in that position, it would allow us to apply officially for brucellosis-free status and would permit some easement in the testing regime, which would be of significant benefit to our farming industry. However, we cannot be complacent and must continue to bear down heavily on the disease until we find ourselves in that position.

I am also committed to reducing and eventually eradicating tuberculosis (TB) in cattle here. It is encouraging that the number of TB reactors in 2010 was the lowest since 1998, and the number of TB herd breakdowns the lowest since 1996. However, as we all know, TB is a complex and multifactorial disease. It is very difficult to eradicate, and there is no quick-fix solution. There is a wildlife factor in the disease that is challenging to address, and we are carefully following the proposals in England and Wales for badger culling.

Initial proposals in Wales were successfully challenged in court, and the Welsh Assembly Government and the Department for Environment, Food and Rural Affairs (DEFRA) have not yet decided how they will proceed. From my initial investigation into this area, however, I think that vaccination may be the best way forward in the long term. We are closely tracking badger vaccination research in the Twenty-six Counties and England. We are also developing our own evidence base, and, in my budget for the next four years, we have set aside £4 million to commission a programme of local TB research and study.

As part of our approach to bearing down on TB and brucellosis, the Department conducted a recent public consultation, which I am sure you will all be aware of, on proposals to change the rate of compensation for brucellosis and introduce a system of table valuations for cattle slaughtered as a result of TB or brucellosis. We are giving detailed consideration to the responses. I am happy for officials to talk to the Committee about that when it is completed. Officials will brief me in the next week on that issue. I do not know what the Committee's programme is like for the next few weeks, but, if members wish, officials will be happy to talk to you before the recess about the outcome of those discussions and the responses that have been received.

The single farm payment is a critical support to the farming industry, and I want us to improve our processes, especially for farmers who are selected for inspection. That will be critical for 2012 and will also ensure that we are well placed to implement any of the new requirements that arise out of the CAP reform. I will make every effort to ensure that my Department continues to address the concerns that the European Commission has raised on disallowance, and, in doing so, minimise the potential for disallowance in future years. We can talk more about that later if the Committee wishes.

More widely, the rural development programme is the largest funding programme that my Department delivers, and it is having a positive impact. Under axis 1, the farm modernisation programme has proven to be very popular. Over 3,800 letters of offer have been issued under two tranches of the scheme to date, and I will be working to deliver a third tranche later this year. In addition, the processing and marketing grant scheme has committed £8.4 million to 27 projects since it has opened. That is to be welcomed. Under axis 2, we currently have 4,800 applications for the countryside management scheme, and we are progressing approximately 2,300 of those. That will deliver funding of £180 million to maintain 42% of the land area under the agrienvironment agreements. Axis 3 has been slow to get up and running, but it remains a success. It is a much-needed intervention in the rural community.

Although everyone associated with the programme, particularly the local action groups (LAGs) and the joint council committees, has been putting a huge amount of effort into bringing forward projects, there have been difficulties, particularly around achieving speedy spend.

Changes in the running of the programme will, I hope, result in significant spend and getting more money out into the communities. So far, we have committed over £27 million through letters of offer, which demonstrates a significant investment in our communities. I would like to see that increased in the coming period.

Our rural communities face very real challenges, and to tackle those I intend to build on the excellent work of my predecessor in taking forward the rural White Paper. However, it is fair to say that the Department cannot singlehandedly resolve all of the challenges that face the rural community. The rural White Paper action plan is a shared responsibility, and others have both the responsibility and the means to address the issues that affect, for example, rural schools, the Health Service, rural roads and the availability of rural services such as broadband.

I see my role as one of advocating in the Executive on behalf of rural communities; of advising others on how to better take into account rural issues through things such as rural proofing; of initiating actions to show how things are different in rural areas and how they can work; and by leading by example in introducing programmes to tackle rural poverty and exclusion. In the previous mandate, there was a very successful programme to tackle that last issue, but I have new moneys, and I want to look at that programme again to see where best we should target that funding.

The common fisheries policy is another important area of my brief, and the reformed common fisheries policy is expected to be introduced in 2013. Our main priorities are that the new policy should reduce unnecessary red tape, address the rigidity of current fish quota rules, allow for the diversity of fishing fleets across the EU, reduce fish discards and provide for greater integration of fisheries with other marine policies. At the autumn Fisheries Council meeting, our main priority will be the area 7 nephrops total allowable catch (TAC), which is the mainstay of our fishing fleet. In the coming months, I will be working with the English, Scottish and Welsh Ministers to ensure that our priorities are pushed hard in the forthcoming negotiations in Brussels. I intend to go to Brussels in July to start negotiations on that.

Over the next few years, an important goal is to get better regulation to reduce the time that farmers spend on paperwork and to allow the industry in general as much freedom as possible.

The previous Committee agreed the better regulation action plan, which continues to be implemented by my Department. However, I feel that more action could be taken, and I have asked the Department to look at that again and to talk to the industry to see what else we can do to reduce the administrative burden on farmers.

Finally, I will refer to the funding issues. Obviously, the next four years will be tight. There are areas in which I want to do more and may not be able to do so. I have taken a number of actions to balance the books, including savings delivery plans of £40 million over the comprehensive spending review (CSR) period. I have said that I will continue to listen to views on our plans, but I cannot accept a gap between income and expenditure. I am quite happy to take constructive views from the Committee on the way forward. If Committee members have any ideas, I am always open to listening to them. Nevertheless, as I said, over the next four years, our funding will enable us to deliver around £1 billion of subsidy payments to farmers and £1 billion of local expenditure to support farming in the rural economy and the environment.

I am sorry if that was a bit lengthy, but I have tried to set out my stall on what I see as the major challenges in the Department so far. I am happy to take questions.

The Chairperson:

Thank you, Minister, for being here and for giving that presentation. We realise that the presentation has to be lengthy because of all the complications in your Department and all the issues that you have to deal with. I am mindful that I could ask you a question on every single issue that you raised, and I am sure that you know from my record to date that I could certainly do that. I am mindful that there are other members in this Committee apart from me, so I will be fair and ask just one question and then allow other members in.

You did not speak of the relocation of headquarters. I think that you have £13 million in this Budget period, and £13 million is needed again after that. It was a contentious issue in the last mandate, and I am sure that it will be this time also. What are your initial thoughts on that? Could that capital not be better spent on something such as the research facilities that have taken a hit during this budgetary period? Is that the best use of money at this time? Do not get me wrong, I represent North Antrim, and if you tell me today that you will relocate to Ballymena,

Ballymoney or Ballycastle, we can certainly consider it. However, is that the best way to spend the money at this time?

Mrs O’Neill:

I am sure that every member of the Committee could make a bid for HQ to go to their constituency. To be straight, I am absolutely committed to relocating the jobs. Dundonald House has reached the end of its useful life, and it is time that it is moved. A newbuild is needed, so it is a great opportunity to move HQ out into the rural area. A total of £13 million has been set aside in the last year of the Budget. The Department of Finance and Personnel (DFP) business case suggested that we may need £26 million. That figure may be less, depending on whether or not there is a newbuild. However, I am absolutely committed to taking high-quality public sector jobs into the rural economy, and I will move forward with that project.

The location of HQ will come down to a business case and will go out to consultation. I am not stuck on one area. I could easily say that I will take it to Mid Ulster, but that is not the case. The location is still undecided, but I am committed to taking that project forward.

The Chairperson:

I will elaborate on the question then go to other members. The research facilities are under so much pressure, and funding has been cut there. How do you see that lining up? Is there any relief coming for the research facilities? Of course, research will have to be the future.

Mrs O’Neill:

We will need to have a strong scientific research base in everything that we do. However, some of the projects that have been affected by the Budget are the lower priority projects. I suppose that, depending on where you are in the sector, you may feel differently about that. I want to keep committing money to research. If more money is available, that is where I think it could be targeted. However, I do not know if it is an either/or situation at this stage. How much money was taken out, Gerry?

Mr Gerry Lavery (Department of Agriculture and Rural Development):

As the Chairman said, we have reserved £13 million in 2014-15. So, that will not impact on

spending plans this year or next year. As we get closer to the actual investment decision, it will emerge whether we are facing a newbuild or a refurbishment. There are a lot of issues ahead of us before we arrive at an absolute decision. So, at this stage, it is about reserving money rather than saying that we are taking it away from some other area. We are reserving capital, not the recurrent spend that we invest in research.

Dr Mark Browne (Department of Agriculture and Rural Development):

We have our Agri-Food and Biosciences Institute (AFBI), and some £30 million of grant aid is going in there to support diagnostic capability. About £8 million of that goes into research. We have discussions with our stakeholders and with the scientists about the gaps in our research knowledge, and we direct that £8 million to make sure that those are addressed. Some of the reductions in the spending plans were to lower priority projects, because they will be taken on by other Departments or have reached the end of a particular phase. So, as the Minister has said, research is absolutely critical to what we do. We take steps to ensure that it is carefully tailored towards the gaps in our knowledge.

The Chairperson:

Thank you for your answer. I will, as promised, let members in.

Mr Murphy:

Chairman, I appreciate your letting me in early because I have to ask about finance issues during Question Time.

Minister, I concur with your opening remarks: we would like to see a productive working relationship. I am sure that that will be the case. You outlined a whole range of issues that the Department is facing, and I am sure that there are others that you could have added to that. From my previous experience at the Executive table, I know that the issue of the rural White Paper was raised quite a bit by your predecessor. Even yesterday, during Question Time with the Minister of Enterprise, Trade and Investment, we strayed into areas that are of interest, such as broadband coverage in rural areas. You can see immediately that this is not an issue for one Department; rather the Agriculture Department is driving the philosophy through all the other Departments. Where are you with that? What more needs to be done in that regard? Is the message getting

through to other Departments, and what sort of teeth will the Agriculture Department have in trying to force that through?

Mrs O'Neill:

The consultation on the rural White Paper closed on 13 June. The Department is collating the responses, and we will have to take a look at them. I intend to come back to the Committee after the summer recess with an analysis of those consultation responses, and then I will decide on a way forward. I will have to take that back to the Executive because it is an Executive programme. Obviously, my Department is the lead Department, but the matter will have to go back to the Executive because we need leverage and we need other Departments to get on board. It has to be truly cross-departmental.

When I have the final action plan and am able to take it to the Executive, it will be for me and, hopefully, the Committee to monitor how all Departments are implementing the proposals that are in the document. I am very much committed to it. It is a fantastic piece of work, and the wider rural community are expecting us to take it forward as soon as possible. As I said, I hope to come before the Committee quite quickly after summer recess to discuss the outcome of the consultation.

Mr McMullan:

I welcome you to your first meeting as Minister. I hope that you have a fruitful time.

There has been a lot of talk about the spend and the different allocations under axis 3 of the rural development programme. What are those allocations, and what progress has been made on the spend in the seven LAGs?

Mrs O'Neill:

Do you want the figures for each LAG?

Mr McMullan:

Yes.

Mrs O'Neill:

OK. This is about the letters of offer that were sent out. Assisting Rural Communities (ARC) North West has sent out letters of offer of £5.4 million, and the Down Rural Area Partnership has invested £2.6 million. The figure for Generating Rural Opportunities Within (GROW) South Antrim is £2.1 million. For the Lagan Rural Partnership, it is £1.6 million; for the North East Cluster, it is £3 million; for the Southern Organisation for Action in Rural Areas (SOAR), it is £4.4 million; and for South West Action for Rural Development (SWARD), it is £7.9 million.

You are right in saying that there is concern that the money is not being spent as quickly as we would have liked. There were initial start-up costs, teething problems and difficulties with getting things up and running, and the previous Minister conducted a review because of those concerns. However, I want to make it clear to the Committee that I will not allow any money to be sent back to Europe. The money will be spent. It remains to be seen what action I will have to take to ensure that that happens, and I am working on that, but I give a commitment to the Committee that I intend to make sure that that money is spent in its entirety.

As we move through the programme, we will have those initial problems. I would like to see the spend balancing out. I know that there is some criticism that money is going on administration costs as opposed to being spent on the ground, but I like to think that that will level out a bit more as we deal with those teething problems.

The Chairperson:

Is it the case that money could be lifted from one tranche to the other?

Mrs O'Neill:

I am exploring that with officials, because, as I say, I cannot sit back and wait to see whether the money will be spent. There will have to be a guarantee that the money will be spent. If the Committee has any ideas, I am happy to listen.

Mrs Dobson:

Minister, I welcome you to your first Committee meeting. I also welcome your comments about the new thinking on the present difficult fiscal period and the drive for efficiencies in the

Department. Can you confirm that, when you are making savings in DARD, you will not simply pass on the costs directly to farmers in the agrifood industry? I speak with reference to the concerns that farmers in the industry have over plans to pass on to them the cost of Food Standards Agency (FSA) meat inspections. Is that the beginning of a plan to make others pay for departmental cuts?

Mrs O'Neill:

On the latter point around passing on the cost of meat inspections, that obviously comes under the remit of the Food Standards Agency, which is directly under the responsibility of the Department of Health, Social Services and Public Safety (DHSSPS). I have approached that Department, because I want to talk to it. I do not want unnecessary costs being passed on to the sector. That is not in the interest of the people whom I represent. I have asked for an official meeting with Minister Poots about the issue. The Food Standards Agency has also asked to meet me to discuss that issue and take it further.

On your first point around efficiencies in general not being passed on to the industry, if you look at our budget — I am not sure whether the Committee has been given a presentation on it yet — you will be able to see where we think we can make savings. We see them around corporate services, procurement and maximising revenue. Those savings will hopefully not impact negatively on the sector.

Mrs Dobson:

I have just one more point. At the Committee meeting on 31 May, I asked the permanent secretary to provide a breakdown of departmental staff. When is that likely to be provided?

Mr Lavery:

We took that action point back and are working on it to give you a full breakdown. I will ensure that you get an answer within the week.

Mrs D Kelly:

She wants “the” answer.

Mr Irwin:

The Minister is welcome. You say that one of your aims is to eradicate brucellosis, which is very welcome, and TB, which I think will be much more difficult to do. The Department has brought forward proposals for a new tabular evaluation system. That has created a lot of concern among farmers, because many of them who bred high-quality animals over a long number of years will receive much lower compensation for their animals, while those who bred lower-value animals will probably receive twice what those animals are actually worth. So, you can understand why there is concern out there.

Another concern is that instances of TB have, I think, almost doubled in the past couple of years on the UK mainland, where the tabular system has been brought in. If the proposed system is aimed at trying to eradicate TB, I am not too sure where it is coming from. Does the Minister share my and farmers' concerns about the issue?

Mrs O'Neill:

This is not the first time that I have heard that concern; farmers raise it quite often. I think that we need to be mindful of the reason for the change. It is about animal health and eradicating disease and is meant to be an incentive for greater animal health. Part of the reason for the change is that the Department has been criticised by the Public Accounts Committee (PAC) and Europe over the provision of appropriate amounts of compensation. So, through the consultation, we are seeking the sector's views on the new system. You made a point about the instances of TB doubling. I am not aware of that, but I am happy to consider it.

I want to remove any incentive for fraudulent activity, which we know happens. The consultation has closed, and officials will be briefing me about it within the next week. If the Committee wants, those officials would be happy to come along before recess to talk to it about the consultation responses that we received. As I say, at the core of this is promoting good animal health and reducing the incidence of disease. This is not a money or funding issue, and it was not taken forward purely as a funding issue. If you look at the figures, you will see that it would not warrant that.

Mr Irwin:

Does the Minister accept that, as only a very small number of people may have been involved in fraudulent activity, a large swathe of genuine farmers are being penalised and will suffer as a result of this? Many farmers have built up herds over the years. As I said to officials last week, the Department's own herd was hit with brucellosis. It can happen to any herd. The issue has to be looked at very closely. It is totally wrong to penalise genuine farmers. Only a very small number were involved in fraud; in fact, I am not sure that anyone has yet been found guilty of fraud. There has been a suspicion of it, but I do not know whether any have been found guilty.

Mrs O'Neill:

This is not about penalising farmers, and that is not my intention. My intention is to promote good animal health. I accept that only a small number are involved in fraudulent activity. I will commit to the following: after the consultation has closed, I will come back to the Committee and we can talk about it then, when I know that I can decide upon a way forward. I accept your point. This is not an attempt to penalise farmers; I am about promoting better animal health. It may create more of a disincentive —

Mr Irwin:

It may not be an attempt to penalise farmers, but that will be the outcome if you push ahead with this.

The Chairperson:

Minister, you see this as a big issue. I too have been lobbied by the farming community on this. It is a big issue out in the community, and I am sure that all the members here are aware of it. You offered to bring more information back, and I thank you for that. We welcome that because it is such a big issue. The feeling in the community is that the consultation responses should be published as soon as possible. We have free time on 28 June, if it is possible for you to attend the Committee then. We would be very interested to hear that information. From there, we can see how to go forward.

Mr Swann:

Minister, if I have to leave, it is because I have to go to the Adjournment debate on the A26 in North Antrim; it is important for me to be there. My comments follow on from the Chairman's

points. Although I cannot support your plans for the relocation of headquarters, I would point out that the A26 will enable the relocation of your headquarters anywhere in the North Antrim constituency. *[Laughter.]*

I want to question you on the role of this Committee in the audit and scrutiny of your Department. I refer to a letter that we received on the cash requirement. Some of the wording in it is striking:

“The impact of this error was that DARD inadvertently requested from the Assembly insufficient cash to deliver the departmental 2009/10 budget that the Executive agreed.

Fortunately, a process exists to remedy the situation.”

Many a farmer out there would love to be able to make an error inadvertently and then fortunately claim back funds from DARD and the EU. Often, they see DARD as the main stumbling block preventing them from doing so, especially with the like of the single farm payment and other subsistence payments. I am not going to dwell on that. The letter also says that:

“ the Department’s internal controls did not operate as robustly as planned, and that is something we will seek to address.”

I heard the Finance Minister refer last night to an incident whereby the Department put a plus instead of a minus in front of a figure of £45 million. Can you give the Committee and the wider agricultural and rural community an undertaking that you will take steps to address that sort of financial mismanagement? Although the Department can seem to mismanage internally, many individuals out in the rural community does not have that luxury.

The Chairperson:

Before the Minister responds, let me say that that issue is going at first hand to the PAC.

Mrs O’Neill:

The Chairman has taken my answer. It is a very serious matter, and it is going to the PAC tomorrow for a full investigation. I welcome that. The important thing to note is that it had no impact on our budget, as you say. If you want more detail on what happened, I will ask Gerry to give you what detail he can. We are going to the PAC tomorrow. Obviously, I want to make sure that my Department is open and accountable and that financial records are there for all to see. I do not want you to have any fears about that. Gerry will make a few points about the matter.

Mr Lavery:

By all means, Minister. This happened over a year ago. When it comes to the spring Supplementary Estimates, we state our cash requirements. In that case, we stated that we had a reduced requirement and, as you said, we put “minus £45 million” where we should have put “plus £45 million”. The difference was £90 million of cash. Around 15 March, we found ourselves without access to cash. We remedied the situation very quickly. Obviously, with the week that was in it, there was a public holiday. Payments were delayed; in some cases, by one day. That was the absolute limit.

It is not a good thing to have happened. I am embarrassed by it. We aim to run a tight ship financially. On that occasion, our quality control and checking let us down. We have fixed it. We have put in place a better process so that not only do we monitor our expenditure of cash, which we were doing, but we monitor the cash in hand that is under our authority, helped by DFP. Therefore, if the situation arose again, it should be picked up and dealt with much more quickly. It should never have happened in the first place. It did not have a wider impact. For that, we have to be grateful. However, I accept fully that it is not a good story.

Mr Swann:

To follow on from that, the rural development programme was referred to earlier. I declare an interest as a member of one of the LAGs. It is frustrating for LAGs and their members who apply to the programme — particularly for successful applicants — that they can be audited up to seven times for a project that is worth £1,000, while the Department can inadvertently put a plus where there should be a minus, making a difference of £90 million, but is not regulated by the same stringent controls.

Mrs O’Neill:

I can assure the member that the Public Accounts Committee will ensure that that point is well made. We will have to take that back and ensure that the Department’s systems are robust and transparent. You commented that rural development programme projects have been audited seven times. We have worked to rectify that situation. I accept that that was a major problem. However, now that the Department is satisfied that there are robust systems in place in LAGs, that will not need to happen.

Mr McCarthy:

Thanks very much, Minister, for your presentation. Congratulations on your appointment. I wish you every success.

I want to change tack a wee bit. Much has been said about rural communities. However, nothing has been said about the fishing industry, which is also your ministerial responsibility. I represent Portavogie, which is one of Northern Ireland's three fishing ports. You may be aware that the fishing industry has been on the downturn for far too long. I appeal to you to use your office to ensure that that is stopped in its tracks and that you try to invest more in the fishing industry.

I believe that you said that you hope to visit Brussels early in the term, which is a good idea. I do not think that the EU Fisheries Commissioner has ever visited Northern Ireland. It might be an idea to invite her here to see the problems at hand. Committee members visited Brussels earlier in the year. We got a sympathetic hearing. However, sympathy is no use when people lose their jobs, boats and everything else. What can you do that has not been already been done? I am talking about discards, for example. You mentioned that issue briefly in your presentation. The fact that there are discards at all is almost an obscenity in the eyes of people in some areas. How can you prevent further annihilation of the fishing industry before we get too far down the road?

Mrs O'Neill:

On 26 May 2011, I met my counterpart, Minister Simon Coveney. One issue that he was keen for us to explore through further discussion was how we could, perhaps, work together. As I said, I will go to Brussels. Next week, I intend to visit Kilkeel and take more briefings on fisheries. Perhaps you want me to come and visit your area?

Mr McCarthy:

You are very welcome, if you can bring some good news back from Brussels.

Mrs O'Neill:

The common fisheries policy is a massive area that we need to be a strong voice for in Europe, and we need to make sure that we protect our local industry and what is unique to us. I want to make sure that I protect our local fishermen and get the best deal for them in Europe. I will keep you updated on that as it progresses.

Mr McCarthy:

I represent Portavogie, and fishing communities are rural communities too. Those people depend on the fishing industry, and they are seeing it disappear right before their eyes. That is reflected not only in the numbers of fishermen but in the processing plants. A lot of employment is simply disappearing, and we need to do whatever is humanly possible to save that once proud industry.

Mrs D Kelly:

I apologise for missing your presentation. Unfortunately, I had to go to the Chamber for questions to the Minister of the Environment. Welcome to your first Committee meeting. One of the questions to the Minister of the Environment was on the planning inquiry into the poultry litter incinerator. What is your Department's plan B if the outcome of the inquiry is a refusal of that application? Perhaps you could set out for the Committee the pros and cons in respect of possible infraction proceedings and the EU time frame for dealing with chicken litter. Obviously, it is a big matter in my constituency, and it is tied into the growing agrifood industry, which you have been trying hard to promote over the past few weeks.

I am very pleased to note the Minister's commitment to the rural development programme. The Committee's intention and that of other Members is to pay attention to that work. In respect of rural development, match funding and, in particular, economic growth, what concerns do you have and what discussions have you had about working collaboratively with the Department of Enterprise, Trade and Investment (DETI) on the successful promotion of applications for rural businesses?

Mrs O'Neill:

The Rose Energy plant is a contentious issue. Because of our nitrates action programme, the land spreading of poultry litter is not sustainable at current rates. As for a plan B, I think that a public

inquiry is the way forward, and all of you need to be listened to. I do not know the answer to the question that was asked in the Chamber today, but I would like to see my Department and the Department of the Environment (DOE) working together on alternatives to the incineration plant. I had discussions with officials on the issue earlier today, and I want to look at a plan B. I want to look at what else is available and what else we can do, and I am happy to keep you updated on that as we progress through it. However, I think that a public inquiry is the way forward, but I do not know if the Minister of the Environment is minded to go that way.

Mrs D Kelly:

Am I to understand that there is no departmental plan B if Rose Energy does not get the go-ahead? What is the time frame for the implementation of the EU directive?

Mrs O'Neill:

Obviously, the industry brought forward the proposal for Rose Energy, and it is up to the industry to have alternative plans in place if it is not successful. We are monitoring the situation very closely. As I said, I have asked officials to consider what other ways it could be dealt with, but, that said, it is an industry issue. The industry brought forward the proposal, and it has to consider other ways.

In relation to your other point —

Mrs D Kelly:

Sorry, Minister, but who pays if there is an infraction?

Mrs O'Neill:

I was just coming to that. Mark will talk about the timetable.

Dr Browne:

The issue will impact in respect of nitrates, and DOE takes the lead on nitrates. The infraction will impact on DOE, but we work with DOE on the implementation of the nitrates action plan. We have just agreed the next stage of the action plan up to 2014. As part of that, and in recognition of the fact that there is still an issue with poultry litter — the Commission was aware

of that with the last action plan and had asked the industry to take action to try to deal with it — we managed to get further agreement to allow for an extension of the time frame for the storage of poultry litter in field heaps, which is where it is currently being stored, until September 2011. However, that was conditional on us taking forward research with AFBI to show that it can be done in a way that does not allow the phosphorus to leach into the soil. That research is under way, and we will report back to the Commission, which, hopefully, will agree to extend the arrangement to the end of the nitrates action plan period. However, the infraction would be taken against DOE, which takes the lead on water quality.

Mrs D Kelly:

Obviously, the public purse pays the infraction, and not the industry. The Minister of the Environment talked about incinerators in the South and the possibility of additional capacity there, so there may well be an all-Ireland answer.

Mrs O'Neill:

I am happy to keep that in mind. What was your other question?

Mrs D Kelly:

My other question was about DETI, rural businesses and the rural development programme.

Mrs O'Neill:

Is that around an independent review of the industry's support and how DETI and my Department are working together?

Mrs D Kelly:

In the last mandate, I remember the Minister of Enterprise, Trade and Investment making some comment about moneys that could be routed through local authorities for rural development programme funds and EU funds in particular. The issue is about match funding and the banks not helping the industry very much.

Mrs O'Neill:

You will be aware that my Department has met the four main banks to try to encourage them to

spend. It is fair to say that, unfortunately, the banks are not aware that they are refusing people, but that is the experience of people who are trying to get money. I am encouraging people to bring forward examples of where they are being refused so that we can challenge the banks to get that money out there.

The other area that I am trying to look at is phased payments, which would allow people a bit more flexibility to attract funding. Those are all smaller parts of the bigger jigsaw. We are trying to get as much money out there as possible.

Dr Browne:

There are two other areas on which we have contact with DETI. First, we have contact on helping the funding of rural broadband in order to extend coverage. Secondly, we have worked closely with DETI on the energy policy. We have a biomass processing challenge fund to encourage anaerobic digestion. Therefore, we work closely with the Department on those two areas, in addition to the areas that the Minister has just mentioned.

Mrs D Kelly:

That is very encouraging.

The Chairperson:

Before Dr Browne came in, I was going to say that I asked the Minister of Enterprise, Trade and Investment yesterday whether DARD had input with regard to broadband, and the answer was very interesting. I take the point about the anaerobic digestion systems. There has been a great influx of planning applications for them. There are over 40 at present.

Dr Browne:

There are those that are happening in any case because of the upturn in the energy sector, and there are those that are coming in under our challenge fund. We have five on the go at the moment.

The Chairperson:

Minister, last week in the House I mentioned to you about funding credit unions through rural

funding programmes. The credit unions do a lot of good work for the rural community and give it a lot of support, and it is vital that, through the programme, we find some way to fund credit unions and help them to help people. They provide a very good support network and mechanism for the farming industry and for rural dwellers, and that should be recognised in the programme.

Mrs O'Neill:

Hopefully, I will get the wording of this right. I think that applications can be considered as long as the application is not directly related to financial activity. Is that correct?

Mr Lavery:

I think that that is true for both credit unions and rural post offices.

Mrs O'Neill:

As long as applications are not directly related to the financial aspect of the business, they can be considered. Hopefully, that addresses your concerns, but if there are any particular problems with applications, I will be happy to take a look at them.

The Chairperson:

OK. I thank you and your officials for coming here today, giving your presentation and allowing us to ask questions. As I have said many times, I look forward to working with you in the months and, hopefully, years ahead to make sure that we progress Northern Ireland and the farming industry and everything that goes along with it.

Mrs O'Neill:

Thank you. It was a pleasure to be here.