



Northern Ireland
Assembly

**COMMITTEE FOR
AGRICULTURE AND
RURAL DEVELOPMENT**

OFFICIAL REPORT
(Hansard)

**Common Agricultural Policy Reform:
Ulster Farmers' Union**

8 November 2011

NORTHERN IRELAND ASSEMBLY

**COMMITTEE FOR AGRICULTURE AND
RURAL DEVELOPMENT**

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Members present for all or part of the proceedings:

Mr Paul Frew (Chairperson)
Mrs Dolores Kelly (Deputy Chairperson)
Mr Thomas Buchanan
Mr Trevor Clarke
Mr Willie Clarke
Mrs Jo-Anne Dobson
Mr William Irwin
Mr Oliver McMullan
Mr Conor Murphy

Witnesses:

Mr Wesley Aston)
Mr Clarke Black)
Mr Ian Marshal) Ulster Farmers' Union
Mr Harry Sinclair)
Mr John Thompson)

The Chairperson:

I welcome Mr John Thompson, Mr Ian Marshal, Mr Harry Sinclair, Mr Clarke Black and Mr Wesley Aston from the Ulster Farmers' Union. Gentlemen, you are very welcome. I know that you are no strangers to the Committee. Therefore, you will have no problem addressing it. I advise everyone that all electronic devices, not just mobile phones, interfere with recording equipment in Committee rooms, and I ask that they be switched off. I invite you to make a presentation for around 10 minutes, after which members will have questions for you.

Mr John Thompson (Ulster Farmers' Union):

Thank you very much, Chairperson. It is great to have the opportunity to give our initial thoughts to the Committee on the common agricultural policy (CAP) reform proposals that came out on 12 October 2011.

I suppose that, at the start, our first concern was the budget. We will park that issue today, because, hopefully, the budget will be maintained. Certainly, we in Northern Ireland believe that the historical balance in the UK will also be secure, and we welcome that.

One thing that we do not intend to deal with today is pillar 2, the rural development element of the CAP. Obviously, the proposals, as they stand, are quite reasonable due to the fact that no axes are proposed in the next system. Therefore, it may be easier to administrate and may be more workable than the current system. We will park that issue because a lot more detail is still to emerge. We also believe that there is more to do on pillar 1.

We will deal with proposals on pillar 1. Initially, when they came out on 12 October, we ran them past all of our policy chairmen and our executive. I will ask Wesley to make a presentation on what the proposals entail, and I will conclude with some of our thoughts on the implications for the farming community. The proposals, as they stand, are very complex. Certainly, we cannot see how implementation of the reform will not lead to more red tape and bureaucracy. We are concerned about many of the proposals.

Of course, this time round, MEPs have co-decision. Therefore, we believe that there is still an important role to be played. We will have discussion with them to try to get some of the very difficult aspects of the proposals simplified. Wesley will take you through the proposals and then we will discuss our summaries, conclusions and thoughts on them. Thank you.

Mr Wesley Aston (Ulster Farmers' Union):

Thank you, president. I want to rattle through the next 10 slides fairly quickly because the detail, analysis and our views are probably more important.

Our second slide refers to the key payment entitlements, which come under direct support. There are seven different measures: basic payment; greening payment; optional natural

constraints payment; optional coupled support; young farmers' payment; small farmers' payment; and national reserve. I will take you through each in turn very quickly.

Basic payment is compulsory for each member state or region. All existing payment entitlements under the single farm payment scheme will expire on 31 December 2013, and a new system will then be rebased from 2014. In order to qualify, you must have activated at least one entitlement in 2011. When you have that amount of money, it is calculated per hectare by dividing the regional basic payment ceiling by the number of entitlements allocated for 2014. Typically, it would be around one million hectares, which is equivalent to one million entitlements. Therefore, that gives you some idea. We will come back to the figures later to help clarify things a bit better.

In addition to the general proposal of the basic payment scheme, there is an option to apply regional and transitional options. You do not have to do that, but the options are there if you want to do it. In theory, we could do it in Northern Ireland if we wanted to, but we must decide before 1 August 2013 if we plan to do so, bearing in mind that it comes in from 1 January 2014. Within that, all single farm payment entitlements within a region must have the same uniform unit value by 1 January 2019. Therefore, even with the transitional period, you have to be at a given place by 1 January 2019.

The second measure is the greening payment, which is based on climate and environment. Again, it is compulsory for member states and is additional to the basic payment. Therefore, your basic payment is part of your payment, but this is another part of it. You must receive your basic payment in order to be eligible. The greening criterion is additional to existing cross-compliance. It is compulsory for all people who draw down the single farm payment, with the exception of organic producers, and 30% of the total Northern Ireland regional ceiling for single farm payment must be used as a greening payment.

There are three specific requirements. The first relates to crop diversification. If you have an area of arable land that is greater than three hectares, excluding grass, you must have three separate crops in that area. To put this in context, three hectares is about seven and a half acres. The second requirement relates to permanent grassland. Whatever permanent grassland area you declare in 2014, which is the first year of the scheme, you must maintain an individual holding level of 95% of that total area throughout the entire period. The final greening requirement

relates to ecological focus areas. Permanent grassland will be excluded from the area you claim for, and you must set aside 7% of the eligible remaining area for ecological focus purposes. It is very complicated, but we will come back to that.

The third measure is natural constraints, or, as we probably know it better today, the less-favoured area (LFA) payment. The first two measures are compulsory, but this one is optional for member states or regions. It is additional to the basic payment and to the LFA payment under our existing LFA scheme, which is a pillar 2 rural development scheme. You must receive the basic payment to be eligible, and, in theory, up to 5% of the regional ceiling for Northern Ireland could be used for that measure if you wanted to introduce it.

The next measure is optional coupled support for regions or member states. The criterion for using it in the first place is that it must be used to maintain current levels of production of farming types or sectors that are important to the region concerned. Again, up to 5% of the regional ceiling can be used, which is similar to the previous optional measure for LFA natural constraints. More can be used if certain criteria are met between 2010 and 2013, but our understanding is that we cannot do that in Northern Ireland. We can put a maximum of 5% into the pot if we wish to go down that route. Again, a decision must be taken by 1 August in the year preceding the year that you decide to implement it. Therefore, it does not have to be done straight away. Therefore, when you decide to do it, you must have a decision taken and communicated to the European Commission on 1 August the year before.

So far, we have two compulsory measures and two optional measures. The next measure is the young farmers' payment. It is a compulsory measure for member states and is additional to the basic payment. You must receive the basic payment to be eligible. The definition is that a young farmer must be under 40 years of age at the time of application and must have become head of holding no more than five years before application, which is largely what we have under the current definition. You get an annual payment for a maximum of five years, and up to 2% of the regional ceiling for Northern Ireland can be used for that measure.

The small farmers' scheme is another compulsory measure. Although it is compulsory for the member state, it is optional for individuals. Applicants must hold payment entitlements in 2014 in order to be eligible. It replaces all the other payments that we have talked about to date. It is a basic type of greening payment; it is a simplified system. It exempts the applicant from the

greening requirements and allows for the use of up to 10% of the regional ceiling. You can already see that various percentages are coming off the 100% pot for these different measures.

The final compulsory measure is the national reserve. We already have a national reserve under the existing system. This will be largely similar, whereby you will have to set aside 3% of your basic payment ceiling, which is slightly different from the regional payment ceiling, for the national reserve, which is designed to help people who are developing their businesses, such as young farmers. Those are the broad measures.

There are a couple of other key elements to which we would like to draw the Committee's attention. Active farmer status has always been a big issue. We have outlined the wording in the proposals under the Commission's definitions. Rather than saying, "you can only get a payment if...", they are saying, "you cannot get a payment if...", and they have laid down a couple of criteria. The first is that the annual direct payment, which is effectively the single farm payment, is less than 5% of total non-agricultural activity receipts in the most recent fiscal year or where the agricultural areas used are mainly those that are naturally kept in a state suitable for grazing or cultivation, and that applicants do not carry out on those areas the optional minimum activity established by member states. Member states have discretion as regards the latter part of the previous sentence. If they want to go further than the 5% threshold, or wish to vary the conditions attached to keeping the land naturally, they can do so. It is a third, potentially optional, measure, but the first two are compulsory. It is, however, not applicable to those recipients of a single farm payment who have received less than €5,000 of direct payments in the previous year. We will come back to that issue.

To round up, we have produced a table that shows the figures. I will talk through it quickly to give members an idea of what the figures mean. The Northern Ireland regional ceiling; that is, 100% of the money that comes in as single farm payments, when converted to sterling at 86p to the euro, amounts to £290 million annually. Of the various measures that we touched on, the greening requirement comes first, amounting to 30% of the £290 million, which is £87 million. Divided by one million hectares, which is roughly what we have currently, for ease of calculation, the greening payment comes to approximately £87 per hectare.

In the case of small farmers, even though up to 10% of the money can be used, we do not feel that the measures will take any new money from existing farmers. Those folk are largely already

in the system, so it is a matter of substituting the money that they already have and giving it to them in a different form under the small farmers' scheme if they want to go down that route. We do not see that as being a further deduction from the total pot.

Two per cent of the regional ceiling is targeted at young farmers, which amounts to £6 million a year. Once those compulsory measures are deducted from the total pot of £290 million, we are left with 68%, or £197 million. A further 3% has to be taken away from that £197 million for the national reserve basic payment, amounting to a further £6 million. If we go down the route of implementing only the compulsory measures, that leaves £191 million, which, divided by 1 million hectares, amounts to £191 per hectare, excluding any transition; I referred earlier to a regional or transitional model. We are going on the basis of a single Northern Ireland-wide scheme, for which there will be no transitional period.

The rest of the table outlines the costs associated with implementing the optional measures, which are the natural constraints measure and coupled support, both of which require 5%, or £14 million, respectively. If you take that away from the £290 million, it leaves you with 58% of your pot before the basic payment, which is what is left after all the other deductions have been made. In that case, it leaves you with a basic payment pot of £164 million which, divided by 1 million hectares, amounts to £164 per hectare. To cut a long story short, if you add the greening payment of £87 a hectare — assuming that there are no optional measures — to the £191 a hectare, that gives you a figure of £270 or £280 a hectare or thereabouts. If, however, you include the optional measures, a further £28 million comes off that; if you add the greening payment of £87 a hectare to the remaining payment of £164, you get a figure of £250 a hectare. So, by including those two measures, you get a figure of about £30 a hectare less.

I have not gone into detail on the transitional measure, because, in theory, you can, from your basic payment pot, either go there from day one or hold back 60% of that pot and use it over a transition period that runs up to 2019. Provided that there are progressive steps during that period, rather than start off with a 100% basic payment pot, you can, in fact, start off with only a 40% basic payment pot and have a transition period.

Chairman, that is a very quick rundown of the details. The issues are much more complicated than I have been able to illustrate in the time available. I now hand back to our president.

Mr Thompson:

Thanks, Wesley.

As I said, we have already started to consult some of our members, and we intend to consult widely on the proposals in the new year. However, I will take you through some of our initial thoughts and tell you how we see it. First, we are very concerned about the lack of food security. When the commissioner announced his first communiqué in Oct 2010, food security was at the top of the list. It is no longer on the list. We in Northern Ireland know how important agriculture and food are to the economy, and we are very concerned that food security is not mentioned in the proposals. We are also very concerned that a lot of the measures that the commissioner laid out in his recent proposals will lead to less agricultural production and will hinder active farmers in their efforts to continue to farm as they do.

As I said, one of the big concerns about the proposals is the lack of simplification. In October 2010, the commissioner spelt out that he wanted less red tape and bureaucracy. The proposals fly in the face of that. As we read them, they are very burdensome and very difficult to understand, not only for farmers but for Department of Agriculture and Rural Development administrative officers and, indeed, the EU and others. So, we need a lot more clarity around the proposals. They are extremely difficult to understand. They are complex, and the complexity is evident on several fronts.

One of the main concerns is the transition period; the proposals will start in 2014 and, supposedly, finish in 2019. We need a lot more clarity on that and simplification of the issue. Some of the other proposals raise similar issues and require simplification; for example, the figure of 30% under the greening payment proposal and the proposal for 7% of each holding's eligible area to be set aside as an ecological focus area. The question is whether the area should be as large as that. Obviously, we are seen as being a green area; we have a lot of hedgerows, waterways and streams, etc. We would like to see all of that included in the calculations.

We think that the three-crop rotation proposal will lead to a lot more bureaucracy, especially in Northern Ireland, which is not a large cropping area. It will be very difficult for a lot of arable farmers to adhere to that measure. We need more clarity on the definition of permanent pasture. If we are going to retain production, we need the opportunity to regenerate and reseed. We are not quite sure whether the rules would allow us to do that.

We certainly support the principle of support going to active farmers, but about a third of our land is let as conacre each year. If the proposals tempt some people to keep minimal stock, that could reduce production and have an impact on how we farm. That is one of our main concerns.

We support the initial proposals around young farmers, but, again, we need simplification and a bit more clarity. In principle, we support young farmers.

There are some other things that we have not really taken decisions on. We need to consider whether it would be to our advantage to allow 5% recoupling and to consider the level of small farmer uptake. Those are some of the things that we will go out and consult our members on and get their opinions. Those are just general. The two main proposals are unworkable. They are much too complicated and will lead to much more red tape and bureaucracy. In general, we need a lot more simplification.

That is my summary of our thoughts. I am quite happy to take questions.

The Chairperson:

OK. I will open it to the floor, but I will ask a question first. I stress to members to keep their questions to a minimum. I am talking about one question, and, at a push, a supplementary, because we want to try to get around all our members so that a lot of questions are asked. If I feel the need for it, I will do another run. There is no issue there.

John, you went through a very comprehensive presentation. There was a lot of good information in a very simplified form. It is a document that is filled with detail. There is very little “common speak” in the proposals. You say that they are unworkable and that they are just too bureaucratic. Are you in a position yet to have an alternative? You listed the issues, and food security was certainly the big one. When I was over in Brussels along with William Irwin and you, I was surprised that, of all the people whom we met, only one, who, thankfully, was the chairperson of the Agriculture Committee out there, mentioned food security without being prompted. That is a big issue. As regards simplification and the bureaucratic burden on farmers, do you see something simple that needs to be applied that is not yet being applied, or is that just too simplistic at this stage?

Mr Thompson:

The broad principle is that the proposals are unworkable; they are too complicated to work and too complicated for people to understand. They are also too complicated to build regulations around. If we followed the guidelines as they have been laid down, we would have a real nightmare in trying to work with them. You said that the chair of the Agriculture Committee mentioned food security. It is very important that he is the one who mentioned that, because he has a very important part to play in the future of this. He is the one who will write the final report. He is the one who is co-ordinating it. Certainly, having met him on several occasions, I think that we are fortunate that he has a fair grasp of where he would like to see this going. He, like us, has a lot of concerns about the proposals.

Mr Clarke Black (Ulster Farmers' Union):

We have some thoughts around how we would go about simplifying it. We plan to meet some of the officials in DG Agri over the next few weeks to test out some of them. At the end of the day, there is no point in our sitting at home thinking about something that would be a simpler way of doing it if it is a non-runner or does not fly when we get there. There is certainly a lot of work over the next few weeks and months to try to tease that out. There are things that we could do, if we manage to pool them together, that would deliver a degree of simplification.

Mrs D Kelly:

Thank you for your presentation. What about the need to form alliances with similar organisations across Europe? I am sure that the issues that you have raised are not common to just here; they will also be the view elsewhere. What sort of alliance or coalition are you building up across Europe in relation to responses from farmers' unions?

Mr Thompson:

On the farming front, I am in Brussels meeting my counterparts at least every two months. I am hearing from them that they are in total agreement that this is unworkable. They have had the commissioners doing the presentations to those committees, and they have been told they are unworkable. We need much more simplification. I think there is a united voice across Europe on that. There is a lot of wider political opinion of the same view. It is not going to be that difficult to build alliances to oppose some of these proposals. If we had been going back to the last reform — with the Commission having the final say — it would have been more difficult to change them. I think there is an opportunity this time, because the MEPs have co-decision, to have

influence, and we will work on that.

Mrs D Kelly:

I think that that is very important.

Mrs Dobson:

Thank you for your presentation; it was very detailed and easy to understand. I commend you for it. Last week, Jim Nicholson MEP, Robin Swann and I had an opportunity to meet you. We found that meeting very useful.

The Minister has said that the agrifood industry has the potential to lead the economy out of the economic recession. What is your view on the potential impact of the proposal to freeze the budget in cash terms until 2020?

Mr Thompson:

When you take the six or seven years of inflation into account, the proposal to freeze the budget in cash terms will have an impact. The agriculture economy has the potential to grow, but we also need returns from the marketplace. I was sitting in the room when the Committee was going through its correspondence, and I heard you mention the adjudicator. As well as this, we also need a proper return and proper consideration from the retailers to make sure that everybody is on board and everybody is trying to grow the economy. We need all parts of it. Inflation will take quite a slice of the budget.

Mrs Dobson:

We do not know what it is going to be in 2013, let alone 2020, so this will have a severe impact on the farming budget.

Mr Black:

Figures in the documents give us the overall UK figure until 2020, but it is pretty flat. Our concern is that there is no inflation built into that. One other thing that I want to draw to your attention, and which, as politicians, you need to be aware of, is that, historically, there has been a methodology of splitting up the UK budget within the four regions — Scotland, Wales, England and ourselves. We need to keep the pressure on to make sure that the methodology of doing that calculation is maintained. Anything other than that would adversely affect Northern Ireland.

Mr Irwin:

I declare an interest as a recipient of single farm payment, and I am a member of the Ulster Farmers' Union. That was a very good presentation; there is no doubt about that. All of the key areas have been touched on, and I am sure that many of us share the union's concerns. It is silly to say that someone with three hectares of crops has to grow three different crops. That is unbelievable. Once the farmer hears that, he will shake his head in disgust.

Does the union feel that, as the proposals stand, there is a risk that there might be a drop in food production, rather than an increase? There is nothing there to encourage food production. However, they say that food security is still at the top of their agenda. How does the union feel about that? I feel that there is a possibility that it could decrease production.

Mr Thompson:

I think I touched on that. We agree with you totally. That is our analysis of it, and that is why we need to get in to get some changes.

Mr Murphy:

Many of the concerns that you raised are ones that we have heard, and probably expressed ourselves as well, particularly in relation to bureaucracy. The implementation, evaluation and policing of any change of direction by a big organisation will, I suppose, involve a degree of bureaucracy. We can see clearly how areas such as crop rotation would prove difficult for a place like this, which has primarily small farms and not as many crops as in other parts of Europe.

You seem quite cool on the idea of active farmers. It may mean less availability of conacre if people are more active on farms, but for production purposes and to try to get as many people as possible to stay in farming, I would have thought that you would support a broadening or easing of the definition of being an active farmer. I realise that a lot of this is tied up in the bureaucracy of how you assess and implement it all, but is there any other reason why you are cool on the broadening of the definition of active farming?

Mr Thompson:

When you start to think about active farmers and go into depth on the subject, you realise that everybody across Europe has tried to come up with a definition of them, and few have succeeded.

Our broad principle is that we would not like to see the structure of farming change much. The trouble would be bringing in rules that are so stringent as to exclude people who have been active farmers but have retired and are still settled on their land. It would be detrimental for production in Northern Ireland if they suddenly saw the need to farm minimally and take their land out of being available to those producing food. Therefore, in principle, we support those who produce food, but, when we start to go into detail, it is a complex area and it is difficult to tease out where you want to go forward. Certainly, if you have any suggestions on the definition of “active farmer” —

Mr Murphy:

No, I am interested in the broad thrust. Is that to try to ensure that more people or fewer are considered to be active farmers?

Mr Thompson:

The broad thrust is to try to ensure that we do not deplete agricultural production. We would not like to see that. We want our ability to grow; we do not want to draw up a rule that will decrease production. That is our broad consideration, and that is why the definition of “active farmers” is complex.

Mr Aston:

The European Commission has proposed two specific definitions and added a third as an option in a member state or region where some sort of minimum activity can be defined, if they want. The two that they have come up with are on the basis that, first, the land is actually used, as opposed to not being used. The Commission does not say who has to use it. The issue is that the land must be used. In other words, it is not in its natural state: somebody has to do something with it. So, if that is met, strictly speaking, it means that such land can draw down the payment, irrespective of who farms it.

The Chairperson:

That would suit Northern Ireland, with its large conacre.

Mr Aston:

Conacre involves the landowner letting the land out to a tenant, who farms it. Therefore, because that land is being used, there is a payment on it. The issue is who then gets it.

The European Commission has also identified the issue of big corporate businesses. If you are getting less than 5% of your total income from direct payments, they want to exclude you. However, that is €100,000, and there are not too many landowners who do not farm who would have more than €100,000 in non-agriculture income every year, anyhow. Even if both those conditions are applied, it is hard to see how that would address the specific issue of non-farming land in Northern Ireland. The question is to what extent you want to go beyond that and make it more bureaucratic for existing active farmers to prove that they are active, when they are already in because of those two criteria and the €5,000 exemption. We anticipate that the vast majority will get less than that, and, therefore, will not have to meet those criteria. To what extent is there a balance between targeting money at active farmers and making sure that the land is farmed and that the farmers themselves are not tied up in knots with bureaucracy?

Mr Thompson:

There are 27 member states, with a lot of regions within them of different complexities. From the south of Spain, where lack of water is turning areas into desert, to small farms in Lithuania that people are walking away from because they cannot make a living from them. Therefore, it is complex and extremely difficult.

Mr W Clarke:

Thank you for the presentation. It was very informative, and there was a lot of information. I appreciate the breakdown. Obviously, there are clear differences between the Department for Environment, Food and Rural Affairs (DEFRA) position — what England would like to see coming out of CAP reform — and that of the different jurisdictions across the water and in Ireland, which speak with a united voice as to what they want to see. That is my party's position, and I also think it is the Committee's position. What friction is there between farmers' unions, and do they try to shout with one voice on the issue?

Mr Thompson:

Surprisingly, there is very little friction between the farmers' unions. For us, and for Scotland and Wales, it is very much the same traditional type of livestock- and grassland-based farming. That is also true of the southern Irish and a lot of the west of England. In the east of England, there is a fair swathe of arable. They are the ones who some of those greening measures would possibly have a greater impact on. However, generally speaking, the farmers' unions are at one,

and at odds with DEFRA's position of cutting payments and making just the environmental payment. So there is a fair degree of —

Mr W Clarke:

Are they listening?

Mr Black:

I think, Chairman and Willie, the big differences between DEFRA and us are at the conceptual level. For example, DEFRA would be quite happy for the budget to be reduced. That is its Treasury position. It would like to see a lot of it go into environmental schemes, and so DEFRA is not as focused on food security and food production. You will find that the differences are at that higher, policy level between the Departments. Farmers' unions will have their differences. We have differences with Scotland, for example, on the amounts of money that go into the different regions, and we need to pick up on those. They are the things that we have differences over. However, as the president says, the differences between the unions are small.

Mr Aston:

The ability to regionalise is important. Northern Ireland could probably do its own thing, as it did last time, and show flexibility on transition and regionalisation. Maximum regionalisation within that would be extremely useful.

Mr W Clarke:

I agree. The splitting up of the budget is very important to us. I have a couple of quick questions. With regard to the small farmers scheme —

The Chairperson:

I am only giving you one more, Willie, and then I will get back to you if you want.

Mr W Clarke:

Sorry. The small farmers' scheme and the exemption from greening measures: is that because they already do it to a degree? There are smaller farms and more hedgerows.

Mr Aston:

I think it is just intended to be a simple scheme, so you just say that it is not worth the hassle of

trying to find out whether they take greening measures.

Mr W Clarke:

To simplify it.

Mr Aston:

Yes.

Mr W Clarke:

Dead on, thanks.

Mr McMullan:

My question has already been asked —

The Chairperson:

Did Willie ask it just there now?

Mr McMullan:

No. I was going to give him my question.

It is about the small farmer, again. My area is nearly all small farming. This thing about “active farming” sends out a fear that they are starting to look at the status of the small farmer. It is hard to quantify what “active farming” is. That fear is out there, and it has not been addressed at all to allay any fears because of the historical nature of farming.

Mr Thompson:

Farming, regardless of what size it is, whether it is six cows or 60, contributes to the Northern Ireland economy, and we want to see production of food supported.

Mr McMullan:

It is just that this “active farming” idea creates a fear.

The Chairperson:

You have hit upon a very important point. OK, we are grappling with the definition of “active

farmer”. We are also grappling with the definition of “small farmer”. It seems to me that this small farmers’ scheme has been inserted into this to appease the newer member states. Is that the case?

Mr Thompson:

Oliver talked about the small farmers in his area. They would be seen as extremely large if they were to be compared to some of the farmers in some of the countries in eastern Europe.

The Chairperson:

Yes, exactly.

Mr Thompson:

So, you cannot actually talk about what a small farmer is in a broad European sense. I think what they are talking about is a 5% within a member state or region, so you are taking that different level. From talking to some colleagues in Lithuania and Latvia, I know that they are minimalist — a cow, a sow and two sheep.

Mr McMullan:

There are different circumstances there; they have a lower base.

Mr Thompson:

Yes, but you know what I am saying.

Mr McMullan:

A fella with six cows will still pay the same living conditions as a man with 60 cows. That is the problem.

Mr Frew:

That is what makes this such a complex issue. We are dealing with so many member states.

Mr Buchanan:

Small farmers have been well represented today. I have an issue on small farming, and it may have been touched on. What concerns do you have that this added level of bureaucracy will put smaller farmers — we will not go down to small farmers — out of business, because there is too

much bureaucracy for them to deal with? That will allow larger farms to take that land and increase their farms. What impact, if any, would that have on the industry?

Mr Thompson:

We have not actually got to the stage of deciding what size will be included in the band. Our concern is the complication and bureaucracy around all of the implications. We need to get that lowered, and we need to get simplification and a much clearer picture of how we can drive this forward. That will apply to all farmers from the largest to the smallest across the board; it will impact on everybody. I am more concerned with the broader picture and trying to get simplification.

This will have a greater impact on some farmers than others, whether they are large or small. Some larger farmers may find it more difficult to comply and some smaller farmers may find it more difficult. I want to see simplification across the board to get the thing down to a level that people can understand and live with and farm with.

Mr Irwin:

In your submission, I read about those farmers who receive payments of under €5,000, which would take in the very small farmers. Does that mean that someone who is getting €7,000 or €8,000 could miss out, while farmers who get €5,000 would get a payment, irrespective of their size?

Mr Black:

Are you referring to the bit about the active farmer?

Mr Irwin:

Yes.

Mr Black:

That €5,000 refers to the definition of “active farmer” in the regulations.

Mr Irwin:

OK.

Mr Black:

In other words, anyone who receives less than €5,000 is deemed to be inactive and is exempt. I do not have the figures, but I suspect that that will rule out quite a lot of our farmers. A lot of our folk will be under that level.

Mr Aston:

It is possible for someone who is getting less than €5,000 to be exempt from all of those “active farmer” requirements. Yet and all, an active farmer who gets €5,500 has to jump through all these bureaucracy and greening hoops.

Mr Irwin:

That is the question that I was asking. Could those who are getting more than €5,000 miss out?

Mr Black:

I think that the level for the small farmers’ scheme is under €1,000.

Mr Aston:

That is correct

The Chairperson:

I have one last question gentlemen before I let you go. How concerned are you about the greening payments? I have looked at the issue, and talked to some of those who have influence in Europe and some experts, and it seems that they are not as worried about that element. They feel that the way we farm in Northern Ireland has already covered a lot of the bases, with regards to the focus areas or set-asides — call them what you want. Are you saying that those areas will not include streams and hedges?

Mr Thompson:

No, I said that I want to make sure that they do include hedgerows, streams and all that.

Mr Frew:

Are you not convinced of that?

Mr Thompson:

On an all-farm basis or a Northern Ireland basis, but not on a field basis. That is unworkable and unliveable.

Mr Harry Sinclair (Ulster Farmers' Union):

The way that it is worded in the regulations is that 7% of eligible land must be set aside for greening. Unless they change the rules, areas like streams and wild hedgerows are not eligible. They will need to change the ruling of what is eligible and ineligible to bring those areas in.

The Chairperson:

That needs clarification.

Mr Sinclair:

Yes.

The Chairperson:

Was it not also the case that you were excluded from a lot of those greening measures if you had permanent pasture?

Mr Thompson:

Again, you are touching on the issue of clarity. When we asked the Commission what it meant by permanent pasture, the guy we were talking to was from Austria and he said he had a lot of land in Austria and he remembers it never being cultivated. That is what he regards as permanent pasture, not some of the stuff we would regard as permanent pasture. We need a lot more clarity on that and a definition of what is meant by permanent pasture.

We have lots of doubts about greening: the 7%, permanent grassland and cropping. Your initial comment that you thought that maybe some of those would not be so bad for Northern Ireland is right to an extent if we get clarification on the things that we understand, taking in all the hedgerows, the 7% on a Northern Ireland or all-farm basis, permanent grass able to rejuvenate and last reseeded. However, the cropping issue is still a difficulty. Why not two crops rather than three?

Mr Aston:

The simplest thing for anyone who gets a single farm payment to do is keep their land in grass, because you then avoid a lot of those other greening measures. That has major implications for the issue of the definition of “permanent grassland”. It also has implications for the arable sector. If a potato grower is going to the neighbour down the road to take a field of grass off him to plough it up and put his potatoes in, that neighbour who is getting a single farm payment will not necessarily want it because that triggers these other mechanisms. He may say: “I’m sorry; it’s going to stay grass.” There are major implications for the structure of the industry here, particularly the arable sector.

The Chairperson:

OK, gentlemen, thank you very much for your presentation and your answers to our questions.

Mr Thompson:

Thank you very much for the opportunity.