

DÁIL ÉIREANN

AN COMHCHOISTE UM THALMHAÍOCHT, BIA AGUS MUIR

JOINT COMMITTEE ON AGRICULTURE, FOOD AND THE MARINE

Dé Máirt, 9 Iúil 2013

Tuesday, 9 July 2013

The Joint Committee met at 2 p.m.

MEMBERS PRESENT:

Deputy Pat Deering,	Senator Michael Comiskey,
Deputy Martin Ferris,	Senator Mary Ann O'Brien.
Deputy Martin Heydon,	
Deputy Éamon Ó Cuív,	
Deputy Thomas Pringle,	

In attendance: Senator Trevor Ó Clochartaigh.

DEPUTY ANDREW DOYLE IN THE CHAIR.

CAP Reform and Related Matters: Discussion

Chairman: We are pleased to welcome the Minister for Agriculture and Rural Development in Northern Ireland, Ms Michelle O'Neill MLA, and her officials to the meeting. I look forward to an interesting discussion. I welcome the members also. I might mention at the outset that after the meeting we will meet in the Coffee Dock where coffee and sandwiches will be available.

I remind the witnesses that they are protected by absolute privilege in respect of the evidence they are to give to the committee. However, if they are directed by the committee to cease giving evidence on a particular matter and continue to do so, they are entitled thereafter only to qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given. They are further asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against a person or an entity by name or in such a way as to make him, her or it identifiable. Members are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the Houses or an official by name or in such a way as to make him or her identifiable. The Minister might note that is a formality we are obliged to go through.

I propose to allow the Minister make an opening statement following which I will call the spokespersons in the normal fashion. Given the importance and complexity of the recent CAP negotiations, there is no doubt that will form part of our exchange today. The other issues we have identified are tackling rural poverty and social isolation, animal welfare and animal disease, pricing of milk, food security in light of the recent fodder crisis, and inshore fishing. The Minister may wish to raise other matters. I invite the Minister, Ms O'Neill MLA, to make her opening statement.

Ms Michelle O'Neill: I thank the Chairman. I am delighted to have the opportunity to address the members today. Our Assembly went into recess yesterday but I did not have enough of it and I thought I would come down here today to talk to the members. I am happy to pick up on the points the Chairman mentioned and take questions from members.

A good place to start would be Ireland's Presidency of the Council of the European Union. I congratulate the Southern Government on its successful Presidency in the past six months. From my perspective, I worked closely with the Minister, Deputy Coveney, in that time. He had a very difficult task in trying to get agreement on CAP reform across all the member states and we are delighted that we were able to reach that agreement some weeks ago. It is fair to say that some of the proposals the Commission put on the table initially alarmed the farming industry but the Minister, Deputy Coveney, and the Southern Government can take pride in the fact that we have come a long way from those opening proposals. Some of the key achievements in the discussions have been broadly welcomed by industry, particularly the green proposals which are now better suited to our grassland regions, and also that we have the flexibility to adapt policies to suit our own industry in the future.

While the work in Brussels in the past 18 months was very difficult, the big decisions will be taken when we consult across the island on how we take the process forward and, now that we have that flexibility, the best way to use it to suit the local industry. The time ahead will be challenging and I want to make sure that we work together because there is a great deal of scope for North-South liaison on the policy and implementation issues in the time ahead.

I am keen to discuss with the committee the tackling poverty and social isolation area of work. This is Sinn Féin's second time to hold this Ministry. Tackling poverty was not really on the Department's agenda but for me it has been very successful. In her term, Ms Michelle Gildernew MP brought forward a £10 million package and I have been able to bring forward a package of £16 million. The strategy is about tackling isolation, getting to those hard to reach people, and supporting rural communities to be sustainable into the future. When we meet people who live in rural communities we hear of their isolation and loneliness. They feel they have been forgotten by a number of services, and they often fall between two stools. This strategy aims to better the lives of those people and it was important to me that I was able to reach a successful target in the programme for Government, which brought forward the £16 million package.

A number of areas of work have moved forward around that initiative, including fuel poverty and youth employability. We have been able to bring forward a number of schemes that have been very successful. We have some way to go in that regard but what we have done in changing the direction of the Department and making sure it is focusing on the needs of rural communities has been very successful.

In terms of animal health, we have the animal health and welfare strategy. Given that we are a single island in terms of disease control, it is important that we work together across the island. We have a common purpose and a common interest in eradicating disease and preventing the introduction of disease. I am pleased, therefore, that good progress continues to be made on cross-Border co-operation on animal health and welfare. A good deal of constructive work has been done both by officials and at the North-South Ministerial Council level to deliver the welfare strategy and action plan. It is important that we continue that consistent strategic approach to animal health and welfare policy, which is of significant mutual benefit for all of us across the island.

I am sure members are aware that the Commission published its new animal health regulation on 6 May under the banner Healthier Animals and Plants for a Safer Agri-Food Chain. I believe that will be the vehicle that will allow us to look towards free movement across the island. I look forward to getting into the detail of that and I am sure the committee will have an interest in that area also.

In terms of disease eradication, we have been working hard in preventing the introduction of disease in the island of Ireland. My officials continue to work closely with their counterparts in the Department of Agriculture, Food and the Marine to ensure that all necessary measures are taken and that there is a consistent approach to disease control and eradication. It is vital that we have comparable powers to deal with new diseases that may reach our shores. We had a simulation of a disease emergency situation pilot this week that was run across England, Scotland, Wales and the North in which officials from the South got involved also. That is important in terms of testing what we have in place. It is all well and good having something that looks good on paper but until it is tested we do not know its effectiveness. That is positive work and it gives me confidence that we will be able to react quickly and positively to any future outbreak of disease. It also allows us adopt the fortress Ireland approach that has proved to be very useful in the past, particularly in terms of diseases such as bluetongue and foot and mouth. I want to see more of those exercises take place in the future.

I am pleased with the progress we have made towards the eradication of brucellosis. It could be achieved by us by 2014 provided there is no reversal in the downward trend. We are moving in the right direction. We hope to have officially brucellosis-free status by 2015, which

would facilitate a reduction in the testing regime resulting in a saving of approximately £7 million to the industry. That would be a great win. It is something we are working very hard to achieve and ensure we do not relax our efforts to reach that target.

I remain fully committed to reducing and ultimately eradicating TB in cattle but, as the members are aware, it is a complex disease. There is no simple solution to it but we have an ongoing positive programme of work. Given that we had increases in the number of cases of TB over a number of months, I am delighted to say the statistics are going in the opposite direction because in the past five months the levels have fallen every month. We hope that continues. We have a rigorous Commission-approved TB eradication programme in place, which is a priority for me.

Members may have noted that I announced recently our intention to proceed with a test, vaccinate and release, TVR, approach in respect of wildlife intervention research. The aim of such intervention is to test the effectiveness of the approach on the level of tuberculosis in badgers and in cattle. Put in its simplest terms, it involves catching badgers and testing them. Those that are negative will be vaccinated and released, while those that are sick will be dealt with. As this has not been done anywhere else, we look forward to ensuring this study gets under way and that we get the information we need. We have chosen two geographical target areas that have high badger-to-cattle ratios and I look forward to bringing forward this work. As for plant health, just this morning the Minister of State, Deputy Tom Hayes, and I launched the all-Ireland *Chalara fraxinea* control strategy. This work has been ongoing since we have had instances of the aforementioned disease and is a good concrete example of good co-operation. I worked closely in the past with the former Minister of State, the late Shane McEntee, and I look forward to working with Deputy Tom Hayes in the future as we work towards dealing with all plant health diseases.

The pricing of milk is another issue I am aware the joint committee is keen to discuss. Our dairy industry makes an important contribution to the agrifood industry in the North and to employment in rural areas. Consequently, producers must receive a good price both for their hard work and to remain viable, and fairness in the supply chain has been a major issue we have been trying to tackle. In itself, pricing obviously is a commercial matter and there are limitations to what we can do to help. Nevertheless, we have been encouraging the industry to focus on improving efficiency and to ensure its product mix reflects the increasing demands of consumers. This should help to improve returns and I understand that global markets are likely to remain positive for the remainder of this year. I am also optimistic that our dairy sector has the potential to grow further and to exploit the opportunities arising from the predicted expansion in the world population. The dairy sector has contributed to the agrifood strategy board's action plan, *Going for Growth*, and I hope it will grasp these opportunities and that producers will be rewarded with a good price for their quality products. *Going for Growth* is a strategy we launched recently in the North that is comparable with the *Harvest 2020* strategy. It considers targets for each sector and looks towards the challenges and the position in which we need to be in the future. I consider it to be a highly positive piece of work and I will be happy to pick up on that if anyone is interested in discussing it.

Finally, on all-Ireland inshore fishing, we are engaged at present in consultations with stakeholders on a sustainable development strategy for our inshore fisheries. The strategy highlights the key challenges currently facing the sector and offers recommendations on how, in partnership with central government, it could move forward with the aim of securing a sustainable and profitable inshore sector in the North. When the consultation period closes on 2 August and

responses have been considered, my officials will be happy, where possible, to engage with colleagues to determine what areas of mutual interest could be progressed on a cross-Border basis. While that is a short and probably too brief run-through some of the issues, I would be happy to discuss them further.

Chairman: I thank the Minister and as there undoubtedly will be comments or questions, we can return to her in a minute.

Deputy Éamon Ó Cuív: First, I welcome the Minister. As she probably is aware, I am one of those present who would like to see even greater North-South co-operation and who believe that naturally, from an agricultural perspective, this is a single island and that the more one can operate on a cross island co-operative basis, the better it will be for farmers both North and South. Will the joint committee be dealing with inshore fisheries issues later?

Chairman: If the Deputy wishes to bring it up, we can take three or four questions from contributors and then we can go back a second time.

Deputy Éamon Ó Cuív: While I welcome all the co-operation that is under way in respect of animal and plant health and so on, I wish to focus on issues I believe to be worthy of urgent and important consideration. The first issue relates to inshore fisheries, about which I have two simple questions. The briefing document members received indicated there is an agreement in place that fishermen from south of the Border can fish within the North's six-mile limit for all species. The Minister might confirm whether this means mackerel and anything one may find. Second, is there a limit to the size of the boat involved within the aforementioned six-mile limit or are there requirements in respect of the type of licence those concerned must have from the authorities here? In other words can someone with a potting licence from down here then fish for non-potting species in the North's waters? I also seek information regarding drift net or draft net fishing for salmon in rivers in the North. Is either method permitted in the North and, if so, under what conditions? Is there a ban in place on drift netting in the North? It would be useful for members to be apprised of this because they are seeking to ascertain what are the practices in other jurisdictions and the nearest one to us is the North of Ireland.

On the Common Agricultural Policy, CAP, now the Minister has the menu, I would be interested in hearing her thoughts on the various options available to farmers, whether she intends to opt for convergence or a flat rate and whether she intends to place limits on what any single farmer can get. In general, does she intend to set minimum staffing levels to ensure activity? In other words, I refer to all the complicated rules in respect of what being an active farmer might mean. A particular issue in this regard relates to farmers on commonage. As the new CAP requires that all farmers are active on all of their land, has thought been given or have discussions taken place on how that might operate in respect of commonage? In many cases, people were claiming for all their land but were not farming the commonage as they were leaving it to someone else in an arrangement that suited both sides. Consequently, do the two jurisdictions have a common cause on the entire issue of commonage and the CAP? I also would be interested in hearing the general approach the Minister is taking to the CAP and the extent to which a CAP policy can be devised in the North of Ireland that would differ from the CAP policy in Britain. Am I correct in thinking that Northern Ireland is treated as a region or in other words, there is regional policy with regard to the British CAP and the North is treated as a region, as is Scotland?

Moving on to the milk issue, many farmers in the South are complaining that they are being asked to produce milk for dairies at a price that is not viable. On examining this issue, the

joint committee found there is no question but that farmers are getting a smaller share of the price of milk in the shop than was the case in 1995. Moreover, on considering the issue in general, one difficulty being faced by the industry appeared to relate to the allegation that some supermarkets were buying milk from the North or from Northern farmers, in that some of it was being processed in the South but originated in the North, and that this milk was coming at a lower price. When I then asked whether production costs were lower in the North, the answer I seemed to get was not particularly but there had been a very big increase in milk production in the North and people were on a treadmill and were obliged to keep selling. It was not necessarily that it was very profitable but that what would not be profitable to do down here was profitable in the North. It appears from the statistics given to the joint committee in respect of liquid milk that the average herd in the North was producing 500,000 l per farmer, which would suggest an average herd size of approximately 120 milch cows. This appears to be a bigger herd size than is the case with our farmers but I am told there is not a significant economy of scale as one increases one's herd size beyond 100 cows. The economies of scale do not get much better because one is obliged to pay paid labour, who probably will wish to work 40 hours per week, whereas a farmer probably would work for 60 or 70 hours a week. Consequently, it does not necessarily provide one with a lower cost base. If farmers are not making a profit in either the North or South and are in competition in an environment of very powerful multiples, many of which were willing to come in to talk to us but one in particular of which was not, is there a common cause to ensure a fair return? That is the bottom line. There is a milk agency in the South whose only remit is to ensure an ongoing supply of winter milk. On the day on which its representatives were here, they were quite explicit that if something does not happen, we could wind up with no liquid milk in two or three years in the months of January and February, for example. It would obviously be a disaster if one could not buy fresh milk in the shops and had to use UHT as a reserve.

Is there a joint initiative possible, not to create a cartel for purchasers but to balance the relationship between the purchaser, processor and supermarket so it will be reasonably equal and so one part of the island will not be played off against the other to the detriment of farmers in both parts and, ultimately, the consumer? The day on which there is no milk on the shelves will be the day on which the consumer will ask why nothing was done about it considering that it was predicted.

We have approximately 1,800 dedicated liquid milk suppliers who supply all year round. From the figures, it seems that the North has approximately 1,900. Could Ms O'Neill confirm that they supply liquid milk throughout the year and are not supplying to dairies for the non-liquid milk market? I am interested in knowing the number of liquid milk suppliers in Northern Ireland that trade in liquid milk for 52 weeks in the year. As far as I am concerned, people who trade in liquid milk only in the summer are only piggybacking on the good times and do not incur the extra cost of producing milk when it is not very profitable to do so.

Deputy Martin Ferris: I welcome the Minister, Ms Michelle O'Neill MLA, and Mr. Conor Heaney. What is encouraging in their presentation is the reference to the growing all-island aspect of agriculture and, I hope, fisheries.

In regard to the fishery sector, we heard presentations recently from inshore fishermen, who represent the biggest part of our fleet. Obviously, the sector is far more beneficial to our communities than individual arrangements. The fishermen are finding it extremely difficult because of the costs of fuel and insurance and necessary safety changes. In order to survive, a majority of the boats employ foreign nationals, as one might have noted from some of the tragedies that

have occurred. This is because the income is so small and people are not entering the industry. Has an initiative to help the inshore fishermen been considered in the Six Counties? In all fairness to them, they comprise the biggest contributor to local economies, particularly in rural areas. Particularly on the west coast, small fishing communities have been very badly hit as a consequence of successive policies that were implemented, particularly those of the European Union.

The tackling of rural poverty and isolation was mentioned. Ms O'Neill stated the allocation for this year is €16 million while the figure for last year was €10 million. How is that distributed? What areas in particular are targeted? Rural isolation, which is typically experienced by single people on very small holdings, is a significant problem in the South. Every member of this committee is well acquainted with the problem.

Post offices throughout the country are one of the main points of contact for people who live in rural areas. The ban on taking any alcohol must also be considered, and people are really confined to their houses. Has Ms O'Neill any strategy in place to tackle that type of isolation? Rural isolation gives rise to mental health problems.

All of us, irrespective of our political persuasions, were greatly impressed by the manner in which the Minister for Agriculture, Food and the Marine, Deputy Coveney, tackled the horsemeat problem some months ago and last year. Leadership came from the Minister and his Department. What kind of co-operation existed between Ms O'Neill and our Minister, Deputy Coveney, in tackling the debacle? Was any legislation brought forward regarding traceability, particularly regarding fillers for burgers? The system for tracing such fillers' countries of origin was wide open to abuse.

Ms O'Neill mentioned disease eradication. Are there any specific geographic areas that are most affected? A year to a year and a half ago, an area in the north Louth-south Armagh area was affected more than anywhere else, certainly more than anywhere else in the 26 counties. Is there any formal structure in place between the Departments in the North and South to tackle the problem? I hope there is. If not, I hope it will be put in place because there is a problem. To eradicate disease completely, there needs to be absolute co-operation on both sides of the Border.

Deputy Ó Cuív has already mentioned flexibility and convergence.

Ms Michelle O'Neill: I will try to cover as much as I can. If there is any specific point to which I do not have an answer to hand, I will be happy to forward it to the committee afterwards. Deputy Ó Cuív referred to the dairy sector. The principle he was getting at was fairness in the supply chain. That is the key to the success of the industry. We have been very vocal on it in the North recently. In my opening remarks, I mentioned we have just recently developed an agrifood strategy. At its core, it recognises there is only one supply chain and that there needs to be fairness in it if everybody is to be successful. The crux has to be about fairness in the supply chain.

Reference was made to issues associated with milk, its origin, labelling and packaging. We do not need to be arguing over that but looking towards the export market and where we can grow. Since milk quotas are to be abolished in 2015, there is a massive opportunity that we need to be exploring together. World markets like what we have to offer. World markets like the clean and green image that comes with our food. We need to work collectively to appeal to these markets.

Regarding Common Agricultural Policy, CAP, reform, we have had broad discussions in the past 18 months, but the devil is in the detail. We argued for flexibility which we now have. We need to agree with the industry on the supports the CAP will provide. There will be much competition between various sectors for supports. One positive outcome of the CAP negotiations was that the young farmer scheme would become mandatory, a support welcomed across the board. The age profile of farming needs to be challenged and we need to look at succession planning. Having this scheme on a mandatory footing will assist in the time ahead.

Regarding the limit on fishing boat sizes, I think it might be under 10 m, but I will have to revert to the committee on that issue. Drift-netting of salmon is banned, but it would come within the remit of the Department of Culture, Arts and Leisure as it is an inshore fishery matter.

There are difficulties in the fishing industry. The recent extreme weather meant fishing boats could not get out. There have also been other challenges such as the rising cost of fuel. We are working with the industry and have launched a research and development fund to assist fishermen to buy new nets. We are all working to do away with discards and to achieve better vessel efficiency. Many of the boats, particularly the smaller ones, could be more efficient. We have put in place a package to assist fishing boats to buy new satellite monitoring systems. This package comes to £750,000. Fuel costs, however, have meant many boats cannot get out to fish. This is a challenge that will not make the industry sustainable. Recently I announced a package to help fishermen with their operating costs. They will be reimbursed their 2012 landing fee which will provide them with a ready cash flow. We have to assist fishing communities, too. I am reviewing the European fisheries funds to see if we can maximise the spend and get supports to these communities.

I am very passionate about tackling the issue of rural poverty. While £16 million does not sound like an impressive pot of money, some of the schemes we have launched with it have been positive. We have been able to work with the Department for Regional Development on rural transport services, bore well schemes to provide access to water and the issue of youth employment in rural areas. We also have the MARA, Maximising Access in Rural Areas, project which maximises access to benefits. While a range of schemes have been successful, the main success has been that we have been able to leverage supports from other Departments. It is about putting the rural agenda on the agenda of all Departments and ensuring they bring forward effective projects that are good for rural communities.

We recently launched a campaign at GAA, soccer and rugby grounds promoting positive mental health and tackling rural isolation. I brought this forward with the sports Minister, Carál Ní Chuilín. The Northern Ireland Executive has a focus on tackling rural isolation and mental health issues. These projects make a real difference.

The Minister for Agriculture, Food and the Marine, Deputy Simon Coveney, and I corresponded frequently on the horsemeat incidents. There were positive engagements. The Food Standards Agency is the lead agency in the North which comes within the remit of the Department of Health, Social Services and Public Safety. If anything positive came out of this negative situation, it was that people wanted to see shorter supply chains and know from where their food came. They are now more inclined to go to their local butcher and buy local produce. That is the positive from this negative situation.

There are ongoing discussions at official level regarding animal disease controls and training exercises for tackling it. At North-South Ministerial Council level I have regular discussions with the Minister for Agriculture, Food and the Marine on co-operation on disease controls. EU

animal health law will be key to having effective strategies in place.

Senator Michael Comiskey: I welcome the Minister. Coming from a Border county, north County Leitrim, I am interested in co-operation on animal health issues between the North and the South. The movement of animals is somewhat restrictive. It is possible to buy sheep from a farm in the North, but there are difficulties when one buys them at a mart. This is a matter about which I am contacted regularly. It is important to loosen the restrictions.

I welcome the Minister's comments on rural poverty. I assume it is much the same between the North and the South. We need to encourage younger people to get involved in farming. This, in turn, will help to tackle the issue of rural isolation.

Senator Pat O'Neill: I thank the Minister for attending the meeting. In her briefing paper on farm incomes it is stated income for dairy farmers will increase 19%, while in every other sector it will be down. It will fall by 40% for pig farmers and 9% for cattle and lowland sheep farmers. The milk quota is effectively gone in Northern Ireland. We have a concern about what will happen when quotas go here about how other farm types will be supported. Will other farm types be supported or does the Minister have any vision in Northern Ireland about supporting those involved in suckler cow, sheep and pig farming and cereal production if the growth in the dairy sector continues?

The committee met most of the major retailers to discuss many subjects. On 10 February in the United Kingdom a grocery supply code of practice was introduced. I see that many of the points covered in it relate to how suppliers cannot be penalised for shrinkage. In other words, there will be no "hello money". The Minister has said that, in effect, it only relates to retailers with a turnover of €1 billion, of which I suppose there are ten in the United Kingdom. I do not know whether we would have any retailer as big as them. She has also said she has appointed a groceries adjudicator but that it is too early to say how this has worked. I would still welcome any comment from her on the groceries adjudicator. Has the person concerned enough powers and been able to act on behalf of the supplier and consumer against the major retailers? Is it working because we are looking at bringing forward a similar provision?

Senator Susan O'Keefe: I thank the Minister for her comments. I would be interested in hearing a little more about young farmers in Northern Ireland, how they are coping, what the profile is in their staying in or leaving the business, the support she believes she can give, leaving aside the CAP, and what she envisages the state of farming will be in the next ten to 20 years for young farmers entering it.

On the issue of badger vaccination, given the incidence of TB in Northern Ireland, has the Minister had to set a very firm timeline for some outcomes on the matter of whether the project will be successful? For how long will she let it run before she decides whether it is working?

On the horsemeat issue, while I accept entirely what the Minister is saying about people looking for shorter supply chains and being more careful in how they shop, I suspect that will be the response in the short term and that as we go on, they will ease back to where they were. Cost will always drive cheaper food production. Now that producers have shown they can have a longer supply chain, they will go back to this and we will see an increase in such food production. What lessons did the Minister learn from this? I am not talking so much about co-operation with us but more about what the Executive learned and about the role of the Food Standards Agency and whether she believes sufficient rules, regulations and authority are in place to say in so far as it is possible to do so that it will not happen again. We can never say

something will not happen again. Although I know that, as politicians, we often like to say this, it is probably a waste of time. In so far as we can make regulations as good as possible, what has been done in Northern Ireland as distinct from the rest of the United Kingdom? What has the Minister learned and done? Does she think any reputational damage was done to beef products from Northern Ireland? I would be interested in hearing about this because the matter is still very current here.

Deputy Pat Deering: I welcome the Minister. During the spring which ran into the summer very quickly we faced a number of emergencies in the South. Were there the same problems in Northern Ireland? To what extent, compared to us, did it have problems with the forage issue? If it did have problems, how did it tackle them and what measures has it put in place to ensure it will not have the same problem on a larger scale in the future? The perception in the South was that fodder would be in very short supply coming into the winter because so much of it was used and that we would need extra amounts. What measures has the Minister put in place to ensure extra supplies will be available? How did she go about educating or meeting farmers or farming groups to give them extra incentives to produce or save more fodder for the winter ahead?

On Senator Pat O'Neill's remarks about the multiples, we spent a lot of time in the past couple of months interviewing the different multiples. We were trying to extract from them information on their relationship with the primary producers which at times was difficult. As Deputy Eamon Ó Cuív noted, all bar one group came to see us. They tried to convince us that they had a very good working relationship with the primary producers and that under no circumstances would they take "hello money". I found this very dubious. Over the weekend I visited a certain place which I will not mention which produces a certain type of food product and deals with a certain supermarket. The producer told me straight up that it must provide a large amount of "hello money" to get into the market, but it could not say anything for obvious reasons because it would be de-listed. Does Northern Ireland have the same experience such that it has had to introduce the grocery code of conduct about which we spoke? While I accept that the groceries adjudicator is in its early stages, has it had any particular effect?

In respect of dairy farming mentioned by Deputy Eamon Ó Cuív, I note that in the figures with which we were provided, the price per litre of milk in 2012 was 21.5 cent. That figure sounds quite low to me. As a dairy farmer, I would find it very difficult to continue to exist for very long with that kind of return from milk production. I note that income in the dairy sector has increased by 19% in the period covered in the table the Minister has provided us with. Inputs seem to be more or less at the same levels we have here. It seems it is very difficult to continue to exist in a business with the same input levels but where the price range seems very low. We are trying to achieve Food Harvest 2020 targets whereby we hope to increase dairy levels by 50% between now and 2020, a fairly ambitious target. Of the figures in front of us, if we are to compare like with like, it will be very difficult to achieve the targets we have set. Does the Minister have any remark to make in that regard? Does Northern Ireland have similar targets?

On CAP reform, the perception is that, from a UK perspective, agriculture is the poor relation. Obviously, Northern Ireland and the Republic of Ireland have much in common from an agricultural perspective. Was it difficult for the Executive to get CAP reform on the agenda such that Northern Ireland would get as much as possible out of it? The Minister says she is reluctant to discuss the menu of options. What consultation process does she intend to put in place with the main stakeholders involved in the lead-up to the decisions that will be taken next September or October?

Chairman: Only Senator Trevor Ó Clochartaigh is left to speak. I will come back to him.

Ms Michelle O'Neill: The first point was on free movement. Obviously, that is the ideal we all want to achieve. Aligning our disease status was obviously key to moving forward on that issue. EU animal health law will allow us to move more freely, but it is not due to come into effect until 2015 and there is still a way to go in negotiations on it. Obviously, the committee will want to be involved in discussions in respect of the approach to be taken in the European Union. That is the prize. We want to be in a position where we will have free movement, but as we discuss implementation of the animal health law in 2015, the focus must be on disease status and making sure we will be in a similar position in order that there will be no barriers to trade and movement. We will certainly be trying to do this.

Senator Pat O'Neill referred to the impact of the dairy sector and what supports might be in place for other sectors, particularly the suckler cow scheme. Because of what we have achieved in the European Union there is an option for availing of coupled payment support. We can consider these measures. It is something for which the beef industry has called in the past and we need to explore it as we move forward.

On the point about how I intend to engage in consultation on CAP reform, it will involve stakeholder meetings and hosting meetings for wider rural communities. With regard to rural development programmes, consultation is needed in terms of the supports available. We have started that process. Now that we have come out the other side in getting the bigger political agreement, people want to be vocal on what they want to see in the new programme. I want to make sure everybody involved will have an opportunity to do this. We should align our policies, where possible, and look at areas where we have a common purpose. We will certainly do this in the time ahead.

On the voluntary code of practice, as members are probably aware, the dairy sector is organised differently in the North in that most farmers are involved in co-operatives. The way the process works is slightly different. Their prices would have been set by milk auction, but that arrangement has been changed recently. The process is slightly different in that respect, but as was said, prices are broadly similar in terms of the price per litre across the island.

On the voluntary code of practice, those involved in the industry have taken the approach that they want it to be a voluntary code. They have asked for time to work out how they want to implement it. I will work with them on that issue and we will see how it progresses. It comes back to fairness in the supply chain and everybody has to get his or her fair share. If there is not fairness in the supply chain, the position will not be sustainable for those involved in part of that chain and this will have a big impact on the entire chain.

The British Government has provided for the establishment of groceries code adjudicator. The power in that respect is not devolved to the Assembly and we do not have the ability to introduce a groceries code adjudicator. We have been trying to feed into the process. If the adjudicator does not have teeth, there is no point in having such a position. I will reserve judgment as the position has only been established in recent weeks. It is difficult to judge its impact until we see the office operating in practice and the way it will deal with the issues raised. It is welcome that the office has been established and it is a step in the right direction. It will be a challenging role for the body, but its establishment is welcomed. As to whether it will have teeth and be effective, only time will tell. If we have a discussion in six months' or a year's time, I will be able to talk more about it.

The average age of farmers is 57 years. That is something about which we must be seriously concerned. We need to examine why young people would want to become involved in farming and how we can entice them to become involved and stay in it. The day is gone when people automatically assumed that because their father or family was engaged in farming that the young people in the household would also enter the industry. That we now have to put in place supports is a positive development. It is also a positive sign that the agricultural colleges are oversubscribed. That shows that young people see a future in farming, the food sector and the wider industry. That is a positive indicator, on which I want to build. I want to ensure we will have everything in place to support it. I do a good deal of work with the young farmers' organisation and support those involved in the work they do in talking to their peers. We will do more of this in the time ahead.

On the timeframe for TB eradication, I wish there was a simple solution or a quick fix. However, it is one of those difficult issues that has proved hard to crack. The study we have brought forward will cover a number of years, probably three to four, as the information will have to be gathered, a model will have to be put in place and the work carried out. I would be happy to provide the five or six page document we have available which details the project we are bringing forward which members might find interesting. The incidence of TB in the Twenty-six Counties is lower than the level in Northern Ireland. There may be a combination of reasons for this, one of the potential factors being that we still have a 100% compensation rate, an issue that needs to be examined. We want to make sure we take every step possible to eradicate this disease in the time ahead.

On the horsemeat scandal, the Food Standards Agency was in the lead role in terms of the investigation carried out. It sits outside the Assembly and the Executive, which was the downfall in terms of what happened. I would like to see it being accountable to a Government Department. The public that elects us wants to be able to hold somebody to account and when an outside body is in the lead role, as happened in this case, that does not happen. I would like to see this changed, but I do not suppose that change will happen over night.

In terms of the lessons learned, there were plenty. Inevitably, there is reputational damage until one comes out the other side of such a scandal. One thing I noted was that the majority of our farmers participated in a farm quality assurance scheme. If their meat had a farm quality assurance stamp on it, they were able to stand over its quality and traceability. That was a standard about which we could boast throughout the scandal. Since the scandal, quite a number of farmers have come forward to enrol in the scheme, which is a positive development for the industry. They could see the benefit of participating in it. In the past farmers asked me what was the benefit and what would they get out of it. This was a clear example where they were able to see something they could get out of it. Many of the major chains now state they will try to source 100% of their meat locally, but whether that is doable is another thing. However, they have made that claim which is to be welcomed. We will see how it develops.

Deputy Martin Ferris raised the issue of the CAP pillars. That issue is one of traceability which we all need to ensure is provided for in the time ahead.

The agrifood strategy report that I mentioned is another tool under which we will examine all of the challenges facing the industry, the challenges faced on foot of the horsemeat scandal, as well as other issues, including the barriers to growth, what the government and the industry need to do to address them, how can we challenge each other and how can we work together. That is important work which I look forward to seeing through in the time ahead.

One of the recommendations made in the strategy report which was industry-led was that the Executive invest £400 million in the industry and that, in return, the private sector invest £1.3 billion. That is doable and something we need to push forward. I know the Executive is on board in seeking to be able to do this.

On the fodder scheme, we bought in 16,000 tonnes of fodder. It was a very difficult time for the farming industry in general, but we also had instances where there was heavy snowfall which was beyond belief. People were in dire straits and we had to move quickly to bring forward the scheme. We need to plan for what will happen next. We have put a task force in place, which includes departmental officials and representatives of the farming unions. It has met twice and we are planning for what we will need to do in the period post-September, October and November. We are also running courses for farmers in the agricultural colleges on fodder management and planning to ensure a winter feed supply.

On CAP reform and how we interacted with the British Government, we had significant differences in budget discussions. It was successful in that we managed to divorce the financial position from the agricultural council meetings in which we were involved. We dealt with agricultural issues outside the financial discussions and this worked out well for us. Throughout the discussions the Minister, Deputy Simon Coveney, and I corresponded a great deal, which was very effective in looking at the supports the entire island needed, for which we are very grateful.

Deputy Martin Heydon: I welcome the Minister and apologise for missing the beginning of her presentation. It is great that she is addressing the committee. Most of my questions have been touched on and to avoid repetition I will ask specific questions.

I accept what Ms O'Neill has stated on the CAP and that it is the start of a process, but even at this stage can she state whether she has priorities which are important to farmers in Northern Ireland? In the Republic we have a strong sense of concern about the need for a well resourced suckler cow scheme, given the changeover in the dairy sector. Does Ms O'Neill have such priorities? Are there strongly held views in Northern Ireland on the debate between direct payments, flat rate payments and partial convergence?

With regard to young farmers and the issue of land mobility which is significant in the South, the Minister for Finance, Deputy Michael Noonan, and the Minister for Agriculture, Food and the Marine, Deputy Simon Coveney, have attempted to address this issue in recent budgets and continue to do so. It is based on our historical conacre system. Is it as big a problem in Northern Ireland? Ms O'Neill has mentioned that the average age of a farmer in the North is approximately 57 years and that the scheme for young farmers who are taking over is welcome. Does she see a difficulty in getting older farmers to retire? This needs to happen if young farmers are to take over.

Senator Trevor Ó Clochartaigh: Cuirim fáilte roimh an Aire. Trying to come up with questions which have not been answered is a challenge, but I will do my best.

A big debate took place here during the CAP negotiations on the definition of an active farmer and I still have not received an answer to it. Where I come from, an active farmer is someone who must do a little bit of farming, a little bit of fishing and other things to keep going. This links with Ms O'Neill's policy on rural poverty. I ask her to speak to us about how poverty among farmers is measured. She has stated rural issues are integrated into all Departments. Are all policies rural proofed? It does not happen here and would be a positive development.

An issue raised with Deputy Martin Ferris and me on our travels throughout the country is eel fishing. There is still a ban on eel fishing on this part of the island, but I do not believe it is banned in the Six Counties. I ask Ms O'Neill to speak about this. All of the eels seem to source from the same place and travel through all of the rivers. It seems quite strange, therefore, that we still have a ban on eel fishing, but it is not banned in the Six Counties.

Does Ms O'Neill have thoughts on how opening up the sugar beet market might benefit the entire island and how it might be approached on an all-Ireland basis? Another hot potato here is turf cutting, which also raises the question of having sustainable rural communities and farmers. Ms O'Neill mentioned fuel poverty as being an issue. Is there an issue with turf cutting in the Six Counties? It is very positive to see North-South co-operation and the Minister, Deputy Simon Coveney, states the same when he comes before the Seanad or committees. Are there impediments to this co-operation which could or should be removed? How can we improve North-South co-operation on these issues?

Ms Michelle O'Neill: Senator Trevor Ó Clochartaigh found plenty of questions to ask.

I believe the CAP negotiations were a success because while we need to move to a fairer system, people need time to adjust. The Commission proposed an immediate steep drop of 40%, which was unfair. The fact that we have been able to phase in the approach is a win in the negotiations. If I were to state I had priorities, it would be picked up on and I do not want people to think it would be where we would definitely go.

The agrifood strategy board examined everything sector by sector and considered the challenges and supports required. It is an obvious tool to use to shape our new rural development programme and the supports we will have available. The timing has been quite good. My starting point would be examining these challenges and considering how the rural development programme will be able to meet some of them. I also want to consult industry. We must be open-minded with regard to suckler cow schemes. An area in which farmers often tell me they need support is building programmes as they have sheds and buildings which are years old, but they do not have the money to replace them. We should examine this area.

With regard to succession planning, I am delighted the young farmers' association in the North wants to examine this area and make suggestions on how to deal with it. A number of officials visit farm families and speak to them about their options and help them with succession plans. A family must come to the decision itself, but the officials help by explaining what it will mean and the implications for the entire family. This is positive work.

We also have a very difficult conacre problem in the North. It is an old tradition. It is unfortunate that we were not able to deal with the active farmer issue as part of the negotiations and that the Commission steered away from dealing with it. With regard to airports and golf courses, those who are not farming should not receive a single farm payment. It is as simple as that. A negative list has been agreed, but more discussions on the issue will take place.

All departments must rural proof their policy discussions, but how effectively this is done is an issue. We have created a ten minute video which is played as part of training for officials who work on policy, which explains it must be a factor and is something to which the Executive is committed, but it could be much more effective.

With regard to eel fishing, I live on the shores of Lough Neagh which has one of the largest eel fisheries in Europe and it is very much a part of the community which has been brought

up and reared on the eel fishery. If it were ever to change, it would devastate the community. Some attempts are being made in the European Union in this regard, but this eel fishery has a management plan in place. It is being fished responsibly and takes sustainability of the industry into account.

Sugar beet production is not an issue in the North. With regard to targeting moneys towards tackling deprivation, we examine the deprivation statistics. The Northern Ireland Statistics and Research Agency publishes detailed geographical statistics for deprivation levels; therefore, our work can be targeted.

Deputy Éamon Ó Cuív: I thank Ms O'Neill, who has been very helpful in providing answers. It would be interesting to have an all-Ireland approach to the CAP. With regard to what Ms O'Neill stated about making changes over time, I have stated from the very beginning that is how I want it to happen and it must happen.

I examined the definition of "active farmer". Airports and so on are out, but there are other sneaky bits that could cause problems for people in the North and us, particularly in respect of commonages. We can discuss this matter on another day.

In the past 20 years there has been a seismic change in the amount of milk coming to the South from the North. In 1996 0% of liquid milk sold in the Republic came from the North. By 2006 that figure had increased to 18%. It is now 26%. It is difficult to compare producer prices, as I do not have the annual averages. In 1995 a farmer received 32.8 cent per litre. In 2011 the amount was 35.5 cent. It only increased by 2.7 cent. The interesting element is that in 1995, 43% of what the consumer paid went to the farmer. By 2011 that figure had decreased to 32% and consumers were not the big winners - the multiples were.

The National Milk Agency's role is not to control price but to ensure liquid milk is on shelves 365 days a year. It was set up under the Milk (Regulation of Supply) Act 1994. The situation is growing more complex as the markets North and South become more integrated. I am not against this. The natural market is the island, but there cannot be an integrated all-Ireland market that ensures milk will be on the shelves 365 days a year without Northern milk being factored into the equation. The concern facing farmers in the South is that, if more of them get out of the liquid milk business, we will become more dependent on Northern milk and that if the price of milk was to change on the island of Britain, Northern milk would go to Britain and our market would not be supplied, as Northern farmers would not be contractually bound to do so. The National Milk Agency must ensure there are enough contracts to guarantee a milk supply for a certain period, but it cannot do this in respect of Northern milk. If Northern milk was used to supply 40% of our market, only the Southern producers would be tied. As free agents, Northern milk producers could shift milk to Britain. Why would they not do so, if the price there was higher? We would find ourselves with no milk on our shelves. That is the stark reality.

I do not expect an instant reply, as this is a technical subject, on which we have spent a great deal of time. When the National Milk Agency tells us that we could face a risk of not having milk two or three years down the road, this is the time to sit up. I will cite an example of something that happens in the South. Some 23% of milk in our supermarkets is provided by Dunnes Stores. I understand all of the major supermarket chains recently agreed to give an increase to farmers of 7 cent per litre to take the significant cost of producing liquid milk last winter into account, given the sizable feed costs incurred. Dunnes Stores refused to do this, which is putting pressure on supermarkets to reconsider their decision, as the market is competitive. I

understand Dunnes Stores sources a fair amount of its milk in the North.

The consumer does not gain in the long term. The one element the consumer wants is guarantee of supply. Farmers in the North do not seem to gain either. Undercutting in our market means that they are being undercut. On average, their production prices are no cheaper than ours. I apologise for going around this issue, but it is an important one. Our farmers are being squeezed. I have nothing against Northern farmers, but they do not appear to be gaining either. They sell at a very low price and I am sure they are complaining to the Minister about it. Like all farmers, they want a better price. The consumer is being put at long-term risk of not having fresh milk. Is there an agency or group in the North charged with responsibility for ensuring liquid milk is on shelves in supermarkets 365 days a year, as is the case in the South? If there is, the two agencies should work together on the issue of continuity of supply. Although this relates to price, it is not an attempt to form a cartel; rather, it is an attempt to keep farming sustainable in order that milk will remain available. Is there any way of holding an all-Ireland round-table discussion on the long-term supply of liquid milk? The current arrangement is highly volatile. If we run out of milk on the shelves, there will surely be a similar problem in the North.

Ms Michelle O'Neill: It is an issue on which we must work and I will be happy to raise it with the Minister for Agriculture, Food and the Marine, Deputy Simon Coveney, at tomorrow's meeting of the North-South Ministerial Council for further discussion. This food security issue needs to be addressed by the industry and the government. Unfortunately, many of these decisions are commercial and fall outside one's control, but we could chart a way forward if the industry worked with us. I would be happy to propose at the North-South Ministerial Council a round-table discussion on how to take this issue forward.

Deputy Éamon Ó Cuív: I thank the Minister and look forward to her raising the issue with her counterpart. The National Milk Agency's membership includes supermarkets, processors and farmers. Could a similar round-table group be formed to discuss the issue of security of supply?

Ms Michelle O'Neill: Absolutely.

Chairman: This stems from the issue of equity in the price chain. Once milk is put into an own-brand container, tracing its origins becomes difficult. With some of the Border region's processing companies, it is impossible to trace, but it does not need to be that well defined as long as the quality is right.

Adopting an all-island approach to protecting producers has been a constant issue for the committee. We have tried to address it through our hearings on the grocery code of conduct. We would be interested in seeing an interim report soon on the effectiveness or otherwise of the adjudicator in the United Kingdom. We have been told *ad nauseam* by representatives of the retailers that it is not necessary to create a statutory code and that they are satisfied that a voluntary code rolled out across Europe would be effective. However, this is difficult to believe in the light of the anecdotal evidence available. It is only anecdotal because, for good reason, people are not prepared to go on the record.

The North has an envelope under the Common Agricultural Policy and it is treated as a region. It could work closely with the arrangements being made by our Department for convergence and coupling for young farmers. To suit both, we should be as close as possible. It is difficult to see how a large difference would suit anyone. Milk production is just one issue,

there are others. There are advantages and disadvantages on both sides of the Border. If we can try to rule these out, we can help all of the people we are trying to protect.

It is in all our interests that animal welfare and disease control be dealt with as soon as possible. I was told before this meeting that the new EU law was not due to be rolled out until 2015, but we should continue to try to work on the issues of disease status and live movements in advance of that legislation. There is more work to be done on the fishing aspect. There are coastal and island communities right around the island that do not have major fishing ports and the committee is trying to formulate a model which will allow these communities to be sustainable alongside the Common Fisheries Policy.

I noticed in the briefing pack that one of the few places in which to get a significant increase under the Common Agricultural Policy was the LIFE project, for which the figure is up 10%. That could probably help more disadvantaged areas and isolated rural communities. This relates to the discussion we had concerning isolation and poverty. Perhaps we might examine the possibility of developing schemes to help these areas, with national initiatives.

I thank the Minister and members for participating in what has been a useful discussion. There is a definite advantage in trying to consider the matter together and the likes of the North-South Ministerial Council and other forums are very good. We hope this has been a good opportunity for the Minister to outline some of the points that may not be articulated at ministerial meetings. I thank members for their engagement.

The joint committee adjourned at 3.35 p.m. until 9.30 a.m. on Thursday, 11 July 2013.