

vision

for the
future of the
agri-food industry

Vision for the Future of the Agri-food Industry

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Acknowledgements

The production of this report represents the culmination of more than a year of intensive work by the members of the Vision Group. During this time, the Group has consulted extensively with independent experts, including a number from outside Northern Ireland, on the broad range of issues that will impinge both directly and indirectly on the future development of the agri-food industry and wider rural economy in Northern Ireland. It has also given due consideration to the valuable work undertaken by the Assembly Committee for Agriculture and Rural Development in pursuance of its own inquiry into debt on Northern Ireland farms, as well as engaging in direct dialogue with the Committee. The Group acknowledges the significant contribution made by all of these individuals and bodies and expresses its sincere thanks for the information and advice so willingly and honestly given. The following

report has been prepared with the benefit of this advice and represents the considered view of the Vision Group on how the agri-food industry and wider rural economy in Northern Ireland should develop over the next 10-15 years and offers detailed recommendations as to how this Vision for the future can be realised.

Structure of the Report

This report is structured around ten Themes for Action. The Rationale explains the basis of these Themes and Recommendations are then attached to each. A number of the Recommendations are cross-cutting in nature, applying to more than one Theme, although each will be framed within a different context. Others complement or embellish Recommendations made elsewhere. For ease of reading, such Recommendations are included under each Theme to which they apply, thereby making each Theme free-standing in terms of the Recommendations linked to it. However, similar or complementary Recommendations are cross-referenced throughout the Report to indicate that the topic in question is also considered under other Themes from a slightly different perspective.

A second volume of this report is available on the Department of Agriculture and Rural Development (DARD) website – www.dardni.gov.uk

This second volume contains a general economic overview of the agri-food industry, together with the reports of the five Sub-Groups created to examine the broad range of issues relevant to the future development of the industry. These five comprised:

- » The Food Chain Sub-Group;
- » The Future Challenges Sub-Group;
- » The Agri-Food Sector Structures Sub-Group;
- » The Wider Rural Context Sub-Group and;
- » The Food and Mouth Disease Sub-Group.

The last of these five was established in the immediate aftermath of the outbreak of foot and mouth disease (FMD) in Northern Ireland with a view to exploring the lessons to be learned, not just in the context of foot and mouth disease, but in the wider area of animal health.

The Recommendations from these five Sub-Groups are drawn together and integrated within this main report under the ten Themes for Action.

The Challenges Ahead

The first decades of the new millennium will present the agri-food industry with major challenges, and opportunities, on a number of fronts. The ability of the industry to respond to these agents for change will determine its future viability and prosperity.

The exchange rate between sterling and the euro is, and will remain, a major determinant of returns to processors and farmers. The current relative strength of sterling may well continue over the next few years and should the UK decide to become part of the European Economic and Monetary Union, it may not be at a sterling:euro exchange rate that is particularly favourable to the Northern Ireland agri-food industry. Therefore, the industry has no option but to adapt to compete at whatever rate prevails. Although agrimoney compensation has been available (though not fully deployed) to mitigate the immediate effects of

a strong pound, this mechanism will cease to exist in the relatively near future. In the meantime, even if paid in full, the remaining potential agrimoney compensation cannot and will not isolate the industry from the impact of currency movements. At best, it can only ease the transition to a less benign underlying exchange rate and its limitations must be borne in mind.

In the policy arena, further reform of the Common Agricultural Policy (CAP) is assured, first as a result of in-built mid-term reviews in the Agenda 2000 process and, later, from pressures to achieve a new World Trade Organisation (WTO) agreement and to facilitate enlargement of the European Union. This will almost certainly require the industry to operate at closer to world market prices and in a more open and competitive environment. The support that remains is likely to be more de-coupled from production and

reduced over time. Moreover, there is also likely to be a shift in emphasis towards environmental and rural development expenditure. There can be little doubt that this will happen. The only imponderable is the pace at which it will happen.

These are not the only challenges facing the industry. The way in which business is done and the pace at which it operates is changing dramatically and the pressures in this area are likely to intensify. It is already evident that the industry has to operate in a marketplace in which the major retailers, and some of the manufacturers, operate on a global basis, sourcing their supplies from wherever they can get the best deals on price, quality and service. Globalisation will not only have an impact on the competitive environment, it will also expose the industry to greater risk from non-indigenous animal and plant pests and diseases.

There are also pressures, and opportunities, arising from changing consumer tastes and preferences, an increase in affluence, demographic changes and an increasing awareness of the links between diet and health. This could reduce demand for some traditional staples but increase opportunities for novel and interesting meal solutions which are adapted to modern lifestyles. Perhaps the major challenge is to produce food which is, above all, safe and seen to be safe. The BSE problem, and a number of other well-publicised food scares, have given greater focus to what was probably already a growing consumer concern with safety.

There are also societal concerns about animal welfare, the environment and the sustainability of modern farming practices. The outbreak and aftermath of foot and mouth disease in the UK has served to underscore these concerns and perhaps move them

further up the political agenda. Agricultural support in the form of direct payments to farmers is perhaps more overt than ever before and it is inevitable that taxpayers will increasingly want to know what they are getting in return for the large amounts of public funding (including payments for public goods) that goes to agriculture in furtherance of EU policy, particularly when judged against competing demands from other areas such as health, education and the care of the elderly.

All of these influences suggest an evolving economic and social environment to which the agri-food industry and the rural society that it underpins must adapt if it is to survive and prosper.

"A dynamic, integrated, innovative and profitable agri-food industry, focused on delighting customers in an evolving global marketplace and committed to developing its people. It will act as the guardian of our land-based heritage and rural environment and will help underpin and sustain the social fabric of rural areas. In all of this, it will work in partnership with Government and other stakeholders."

Themes for Action

Realisation of the Vision will, of course, require action and leadership from both industry and Government. In order to create the necessary focus to achieve this, the Recommendations for Action have been grouped into ten Themes. These are:-

- A. Focusing on the Evolving Demands of the Market**
- B. Strengthening the Food Chain**
- C. Assisting Structural Adjustment and Improving Farm Sectoral Performance**
- D. Protecting and Enhancing Our Animal Health Status**
- E. Strengthening the Rural Economy**
- F. Safeguarding Our Land-based Heritage and Rural Environment**
- G. Developing People**
- H. The Targeting of Research and Development and Technology Transfer**
- I. Exploiting the Opportunities Offered by Information and Communications Technology**
- J. Furthering the Interests of Northern Ireland**

The rationale underpinning these Themes is given below, followed by a fuller description of their substance and details of the associated Recommendations for Action aimed at their furtherance.

The Underpinning Rationale

the broad context

There are six factors which justify the measures recommended in this Report, whether they are for Government to implement or support or are for the industry itself to progress.

- (i) Historical trends will continue, with a shrinking proportion of total household expenditure going on food, the agri-food sector's share of total value added within the economy falling and the number of people involved in farming continuing to decline. However, the **absolute** size of the industry, in terms of output, may not necessarily reduce;
- (ii) The economic environment in which the agri-food industry has been operating in the second half of the 1990s has changed significantly. Arguably, there has been a fundamental shift in the UK's relationship with the other EU economies, something which is reflected in a stronger pound against the euro. This has had a profound effect on agricultural incomes, with evidence that each 1% strengthening of sterling against the euro leads to a 1% fall in aggregate income. Another major contextual change has occurred as a result of the BSE crisis, with UK beef still effectively excluded from export markets;

- (iii) The policy environment has also been changing, and will continue to evolve, with further reform of the Common Agricultural Policy (CAP) assured as a result of the mid-term reviews built in to the Agenda 2000 process and, later in the decade, in response to the need to achieve a World Trade Organisation agreement and to facilitate enlargement of the EU. It is likely that the EU will have to operate at prices closer to world market levels, with support more "decoupled" from production and, possibly, reducing over time (degressivity). It is also likely that there will be a switch in support away from agricultural production towards environmental and wider rural development objectives;
- (iv) It is clear that global environmental issues such as climate change are of growing significance, with threats that once appeared distant now looming ever closer. These issues will be brought into even sharper focus in the 10 year follow-up to the Rio Earth Summit in 2002. There is increasingly substantial evidence of the serious threat to the environment posed by man-induced climate change. In particular, there is international recognition of the impact of an accumulation of greenhouse gases in the atmosphere. Under the Kyoto Protocol of December 1997, the UK has undertaken to achieve a 12.5% reduction in greenhouse gas emissions by no later than 2012. To give effect to this commitment, the UK Government published in November 2000 a Climate Change Programme, including the Climate Change Levy which taxes energy usage;
- (v) There are growing pressures which may broadly be represented as consumer driven. These relate primarily to issues such as food safety, demographic changes and changing tastes and lifestyles, but also embrace animal welfare and the need for environmentally friendly and sustainable farming practices;
- (vi) Business and competitive pressures are also increasing, due in part to new ways of doing business (e-commerce) and, in part, to globalisation, with local retailers, wholesalers and manufacturers able to source supplies from all over the world. Apart from the effects that it will have on the competitive environment, increased international trade in food products will bring with it increased risks of introducing new animal and plant pests and diseases. There are, however, also opportunities arising from the opening up of new markets, the development of new products and from "localisation".

Against this background, there is a need for the industry, both at processing and farm levels, to adapt to make itself as competitive and responsive as possible in a changing market. However, it is recognised that this will require structural change in both the processing and farming sectors. Government too will need to ensure that its structures are appropriate to deliver its objectives in respect of the agri-food industry and rural development. In the case of the agricultural sector, there will be a need for some farmers to combine farming with off-farm employment or on-farm diversification activities (i.e. pluriactivity). For those within the industry, whether on a part or full-time basis, there will be a need to acquire and maintain the necessary skills and knowledge to compete at the highest levels. Equally, there is a need to "re-skill" those who will be seeking additional or alternative work off-farm.

Essentially, the rural problem in relation to agriculture is that there needs to be enough off-farm work to enable agriculture to continue its rate of adjustment at a pace which allows farm household incomes to at least be maintained, or preferably to rise, relative to those in non-agricultural households. For this to happen, there needs to be sufficient off-farm employment opportunities of a type which can be combined successfully with farming to allow the part-time, pluriactive sector to grow. There is also a need for the skills levels of those in the agri-food sector seeking off-farm employment to be raised to enable them to have access to higher paid careers in sectors such as information and communications technology.

In responding to the desires of European society as a whole, Governments will find it increasingly necessary to intervene to facilitate the production of positive environmental benefits by the agricultural industry. Like any other business operator, farmers will produce environmental goods beyond their normal, commercial activities only if it proves financially beneficial to do so. Therefore, it is appropriate that society should pay for these additional goods through financial incentives provided by Government. However, society will also expect farmers to act responsibly and to farm in a way which conserves the countryside and which does not risk environmental damage. This is vital if Northern Ireland is to seek to capitalise on a positive environmental image.

As a general principle, the private sector will tend to under-invest in training and research and development as it finds it difficult to capture the full benefits of such investments. Therefore, once again, there is a role for Government in ensuring that the levels of expenditure in these areas are socially optimal.

Key theme A:

Focusing on the Evolving Demands of the Market

Few industries have escaped an accelerated rate of change in recent years, precipitated largely by new ways of doing business. The Northern Ireland food industry urgently needs a more integrated and strategic approach to stimulating and managing change in an environment where market forces and customers will sideline those who fail to embrace it.

According to some observers, Northern Ireland industry generally has a low level of engagement in collaboration and networking, both of which are characteristic of industries in the more successful regions of Europe. This lack of collaboration is also true of the agri-food sector, despite the existence of a number of industry bodies and central and local government agencies and initiatives, and is perhaps all the more surprising in a region which is small enough to make communication relatively easy. Moreover, there is evidence of fragmentation, duplication and lack of impact arising from the disparate

efforts of these various bodies in addressing many issues that are, in essence, common across the entire food chain. Thus, there is believed to be a rationale for the creation of a single body to further the interests of the food industry as a whole.

However, a general co-ordinating body which takes the form of a forum for discussion and debate is not enough. This will not ensure the necessary action to improve the competitiveness of the Northern Ireland agri-food sector nor will it bring about a fully integrated food chain. What is needed is a body, headed by a senior industry figure, adequately funded by its stakeholders, able to attract quality, full-time staff and, vitally, with a strategic development agenda. This will enable it proactively to represent and promote the industry's interests, to undertake marketing and quality improvement initiatives, to identify and cultivate opportunities and possible synergies across sectors and between links in the food chain and to foster the necessary

re-skilling, up-skilling and personal development of people at all levels in the industry.

This could generate significant benefits. Existing agencies would benefit from having a clearer understanding of their role in an overall food strategy. The agri-food industry would benefit from a stronger and more united voice, both in the market place and in its dealings with Government. The marketing of food from Northern Ireland would benefit from an integrated approach where industry and Government together take responsibility for research, strategy, priorities and the delivery of success. There would also be a more focused approach to managing Supply Chain and Skills Development initiatives.

However, the creation of a competitive industry, above all, requires a focus on the needs of the marketplace. This raises a complex set of problems. Approaches such as a simple “buy Northern Ireland produce” message probably have little appeal, even to local consumers. Research into factors influencing consumer purchasing behaviour shows that price, quality, value, appearance and taste are the dominant factors, with the region or country of origin less prominent and not necessarily positive in its effect. In this context, not all Northern Ireland produce is class leading and often, the packaging and presentation are uncompetitive. Moreover, the relatively small scale of Northern Ireland farms and processing plants means that the creation of strong consumer brands is probably uneconomic, even on a UK basis, particularly when 80% of fresh food is sold under retailer brands. A strategy which focuses on exploiting a positive environmental image of Northern

Ireland, combined with a commitment to traceability of product, may achieve some credibility and value but only if the claims made can be fully substantiated, sustained and communicated. It will, in any case, be vital for other product attributes to support the image of superiority. In particular, it will be necessary to give food safety the highest possible priority by integrating it into all agri-food initiatives and promoting Northern Ireland as a safe and “natural” food area.

Other factors influencing competitiveness include the structure of the industry and the ability to adapt to new ways of doing business, including e-commerce. These are dealt with under a separate Theme.

The problems and needs identified above call for responses in terms of:-

- » organisational change;
- » work to create, and support, a positive image of Northern Ireland;
- » product development;
- » meeting the needs of an evolving market.

Key theme B: Strengthening the Food Chain

Within the food chain, four problems have been identified:-

- (i) concern over the low level of, and distribution of, profits;
- (ii) evidence of poor communication and mistrust;
- (iii) ineffective quality assurance in some cases; and
- (iv) evidence of low quality of product in some cases.

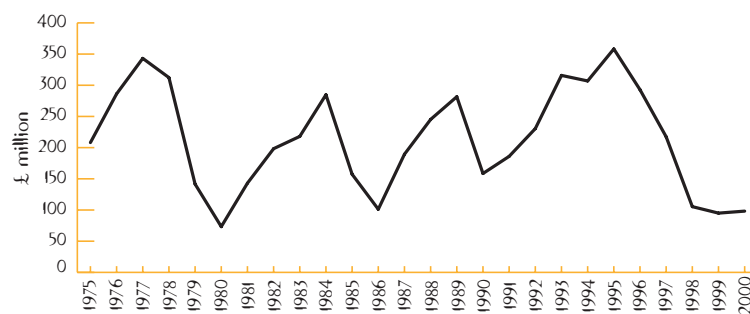
In a properly functioning market, it would be virtually impossible to justify direct Government intervention to alter the distribution of profits in the supply chain. Indeed, it is arguable that, when production continues to take place, those concerned are receiving an "economic" return (i.e. a return which is sufficient to induce them to continue in production). However, it is possible to do something about the general climate of mistrust and hostility between some parts of the food chain which can create inefficiencies and hinder developments which could

generate benefits for all. If each link in the chain focuses on the common cause of delighting the consumer, then progress can be made. In particular, it should be possible to drive out the inefficiencies and costs which result from mistrust and, in particular, a lack of communication.

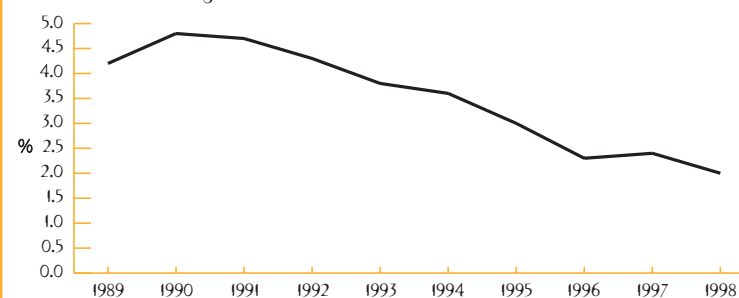
These problems point towards the development of:-

- » co-ordinated action on supply chain issues;
- » a process of effective food chain management.

Total Income from Farming in Northern Ireland, 1975 to 2000 (2000 prices)



Net Profits as a Percentage of Sales in the Food and Drinks Processing Sector in Northern Ireland, 1989 to 1998



Key theme C:

Assisting Structural Adjustment and Improving Farm Sectorial Performance

Apart from the external pressures, such as the weakness of the euro and pressures to reform the CAP, the main “internal” problems to be addressed reflect issues connected with efficiency. The relatively small average size of farms in Northern Ireland, by comparison with that in those countries which can compete at world prices (Australia, New Zealand and the Argentine), will inhibit the development of cost competitiveness. Although farm restructuring has been taking place fairly steadily (the number of farms has been reducing at 1.8% per annum over the past 30 years, although this rate appears to have

increased over the past three years), the pace of change may not be sufficient to enable the industry to be fully competitive on cost grounds in a situation in which price support under the CAP is being dismantled and compensation payments are being reduced.

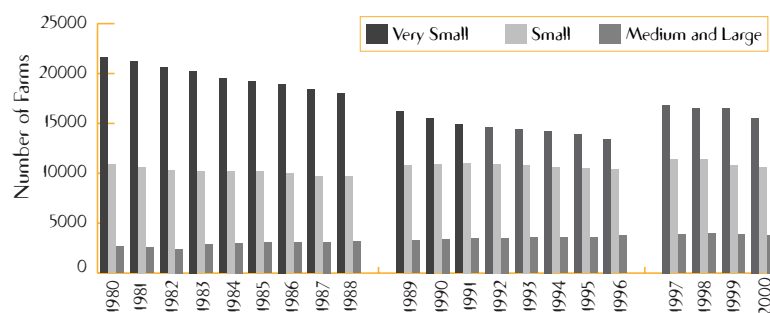
Linked to this issue of farm size is the high price of land and perceived problems arising from the conacre system conferring inheritance tax advantages to non-farmers which may inhibit structural improvement. That said, the conacre system does provide considerable flexibility in an owner-occupied system of land tenure.

As well as issues related to farm size, there is evidence of large variation in farm business performance, with the potential for substantial improvement by below average performers.

In the processing sector, there is considerable evidence of a need for rationalisation and re-structuring stemming from a need to improve sectoral profitability. There are also opportunities for improvement in the attitudes and capabilities of management in some sectors.

There are, however, a number of positive features, including the relatively small size of Northern Ireland, which means that agreed change can be implemented fairly rapidly. There are also some excellent farmers and model or demonstration units could be developed to pass on examples of good practice to others.

Number of Farms in Northern Ireland by Farm Business Size, 1980 to 2000



Emerging from this analysis, the following were identified as areas for action:-

- » there is a need to ensure that more young, trained people enter the industry and bring new ideas which will improve efficiency;
- » support for farm families seeking alternative incomes is necessary;
- » research and development needs to be sharply focused on the industry's development priorities;
- » in the longer term, consideration should be given to a study of impediments to farm re-structuring (such as the inheritance tax advantages accruing to non-farming land owners from the conacre system).

Sub-sectors differ in their levels of competitiveness and they face different problems. For example, the pigs, eggs and poultry sectors are already operating in a market with no domestic price support. On the other hand, the dairy, beef, sheep and cereal sectors all operate within CAP regimes which confer high levels of support. Partial or even complete dismantlement of this support, which is a real possibility, will pose different problems for different sectors. The dairy sector is probably structurally more efficient than the others in an EU context but production and processing will have to be more cost effective if the sector has to operate near to or at world market prices in the longer term. In the beef sector, a live export trade could well re-emerge if barriers to export are removed and it is possible that a two-tier production system could evolve, with smaller producers relying more heavily on decoupled

subsidies and a second tier of producers trying to maximise returns from high quality, efficient production systems. The sheep sector will share many of the characteristics of the beef sector.

The main challenges for individual sectors encompass issues of:-

- » improving quality and image and exploiting low-cost, grass-based systems to enable the grassland sector to compete near to or at world market prices;
- » adopting a market-focused attitude;
- » identifying and meeting the requirements of buyers and producing to consistently high quality;
- » improving the attitudes, values and competences of farmers and managers in the processing sector.

Protecting and Enhancing Our Animal Health Status

Although the adoption of this as a separate Theme has been prompted by the outbreak of foot and mouth disease in the United Kingdom, consideration of it has raised important issues which apply across the agri-food industry and to other animal, and indeed plant, diseases.

Outbreaks of certain animal diseases, such as Classical Swine Fever or Newcastle Disease, can have devastating effects on the sectors concerned, while others, such as rabies, can have significant human health implications. Not all diseases (plant or animal) have such obvious or dramatic effects, but their introduction and spread can, nevertheless, affect agricultural productivity by reducing output or raising costs, thereby undermining the competitiveness of the industry. However, in terms of its economic impact, both directly on the agri-food sector and, reflecting the control measures

associated with a slaughter policy, on the wider economy, there is no doubt that foot and mouth disease is of particular concern. While farmers are compensated for livestock which have to be slaughtered, there are the significant problems of re-stocking and re-building businesses. There is also the impact on those with stock to sell of bans on exports and restrictions on internal animal movements which both reduce returns and increase costs. On top of this, there is the impact on the wider economy from control measures, with the hospitality industry, especially in rural areas, suffering the most.

While Northern Ireland was fortunate in the recent FMD outbreak in that there were only four confirmed cases and controls were lifted relatively quickly (albeit with conditions attached to trade), the problem could have been much worse. Estimates of the potential impact on the Northern Ireland agri-food sector alone from an outbreak on a scale proportional to that in Great Britain are as high as £120 million, or almost half of the agricultural sector's net value added.

There is, thus, a strong argument for considering what further action may be taken to protect and improve Northern Ireland's animal health status, not just in relation to foot and mouth disease, but also in respect of the many other animal and plant diseases that are exotic to Northern Ireland or may pose a threat to its agri-food industry. The creation of a partnership between Government and the industry to prevent the introduction and spread of such diseases is central to the future stability of the industry. While Government may require farmers to insure their businesses against the risks arising from animal diseases, such risks may be uninsurable if Government does not initiate reasonable and rigorous measures to prevent disease entry into the United Kingdom.

As part of a small island, with only a limited number of ports of entry, there is potential scope to pursue an effective policy of disease exclusion from Northern Ireland. It is recognised that there will be significant political and practical hurdles to overcome and that there are constraints on the ability of Northern Ireland, as a region of a Member State, to impose import controls. However, it is necessary to assure the agri-food sector, and its customers, that everything possible is being done within the confines of EU legislation to secure the maximum protection.

One of the factors increasing the risk of introducing and spreading animal diseases in Northern Ireland is illegal activity by a small minority aimed at securing financial gain. In the recent FMD outbreak, this centred on the operation of the Sheep Annual Premium Scheme and the claiming of VAT rebates from the Republic of Ireland revenue authorities on animals imported from Northern Ireland for slaughter. One of the most effective means of minimising the risk of animal disease spread and preventing fraud is an efficient and effective animal identification and tracing system.

Emerging from the analysis of these issues, the following are identified as areas for action:

- » an objective and realistic assessment of the animal health status of Northern Ireland based on comparisons with the rest of the UK and other Member States;
- » preventing the entry of disease and its spread within Northern Ireland;
- » minimising the incentives and scope for illegal activity and maximising the deterrents available;
- » the individual identification of animals and the tracking of their movements;
- » an urgent review of the legal instruments available to DARD and the other Northern Ireland authorities relating to animal movement controls.

Key theme E:

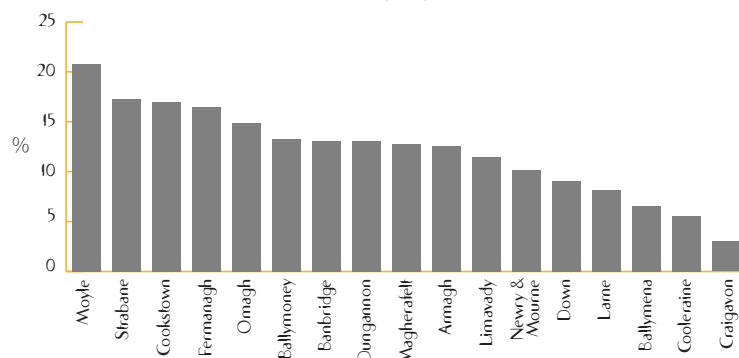
Strengthening the Rural Economy

While agriculture is no longer as dominant in the rural economy as it once was, its contribution is still significant, having a share of employment ranging from 3% to 21% in those District Council areas defined as rural. Overall, it contributes about 5% of total civil employment in Northern Ireland, with a further 3% employed in food processing and input supply.

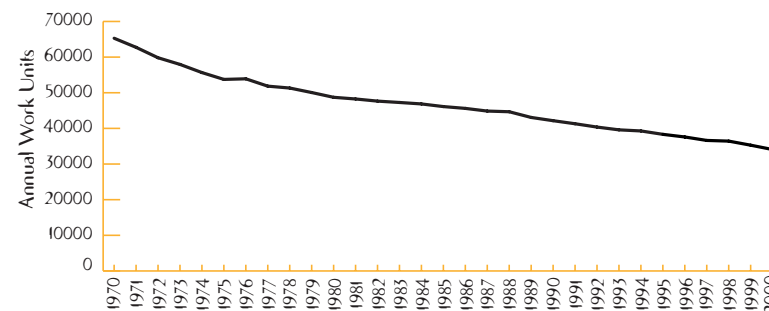
The main problem for agriculture is that aggregate demand for its produce is growing only slowly, whereas labour productivity improvements are fairly rapid. This requires a continuous movement of resources out of the industry if individual incomes are to be maintained at a reasonable level. Thus, employment in agriculture in Northern Ireland, and the number of farms, have both fallen at rates of around 1¼% per annum over the past 30 years. Alongside this, there has been a marked shift to greater

part-time working, reflected in an average fall in the number of "Annual Work Units" (full-time equivalents) of over 2% per annum.

Contribution of Agriculture to Total Employment in District Council Areas defined as Rural (1997)



Volume of Labour in Northern Ireland Agriculture (1970-2000)



To maintain progress towards an efficient agricultural sector, without damaging the rural economy and its social infrastructure, requires the availability of alternative employment outside agriculture. If such employment is not available, labour will tend to remain within the industry longer than it otherwise would, resulting in a failure to adjust sufficiently rapidly to changing economic circumstances and in the returns to those engaged in farming being lower than they might otherwise be. In this context, pluriactivity makes a valuable contribution to the rural economy by enabling people to remain connected with farming but increasing their household income by taking off-farm work or diversifying their farm businesses.

The unemployment rate in Northern Ireland is no longer as high, relative to the rest of the United Kingdom, as it once was and, on International Labour Organisation definitions, is lower than the EU average and that in London and the North East of England. This suggests that off-farm employment opportunities may not be the limiting factor it once was. The availability of the right types of job is, however, crucial in facilitating those seeking off-farm employment but wishing to remain actively involved in farming. There is evidence that, while farmers are willing to travel to obtain off-farm work, they lack the necessary skills and training to obtain more highly paid work. Female spouses of farmers, on the other hand, tend to have higher levels of formal education but are less willing or able to travel to work and depend more heavily on jobs in the locality, particularly in the public sector.

This, in turn, makes them vulnerable to rationalisation of public services in rural locations and this points to a need for re-skilling and up-skilling programmes in rural areas.

However, in recognition of the fact that there will be a proportion of the rural community unable to take advantage of opportunities in new industries which require the acquisition of technical skills and a willingness to travel outside the immediate locality, there is also a need to develop additional employment opportunities in other sectors such as tourism and forestry.

To facilitate the process of adjustment in rural areas, the following are needed:-

- » rural proofing of Government policies;
- » the creation of a rural information baseline;
- » the creation of suitable employment opportunities that are accessible to rural communities;
- » actions to assist farm families to avail of alternative or additional employment opportunities;
- » the promotion of rural tourism; and
- » a reduction in bureaucracy and easier access to rural development funding.

Key theme F:

Safeguarding Our Land-Based Heritage and Rural Environment

Northern Ireland has not suffered the same degree of environmental degradation as other, more intensively farmed areas and the countryside retains a high visual attractiveness. However, farming does contribute to the increasing problem of eutrophication of waterways and run-off of slurry and silage effluent causes fish kills every year. In addition, there is evidence of a significant decline in the numbers and range of farmland bird species and other wildlife. New Biodiversity Strategy proposals for Northern Ireland were published on 4 October 2000.

If the Northern Ireland Executive Committee adopts this document, whether in its present or in an amended form, it will have significant implications for the agricultural industry.

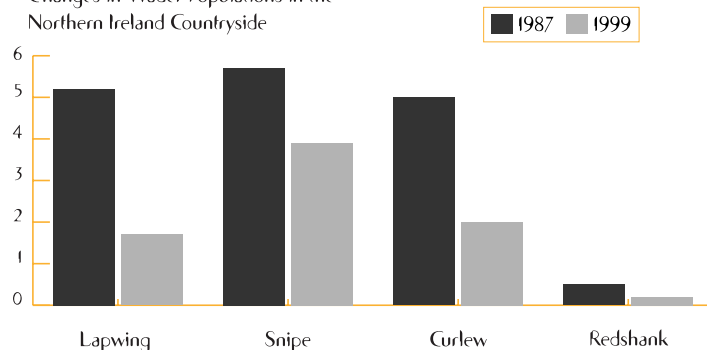
While the Northern Ireland Rural Development Regulation Plan for the period 2000-2006 will expand the area of land subject to agri-environment undertakings, this in itself is unlikely fully to address society's concerns in relation to the impact of modern farming practices on the environment. Funding is required for a campaign to encourage the repair and restoration of aging slurry and silage stores and to promote farm nutrient management planning to reduce run-off into waterways.

Positive environmental benefits could come from an expansion of afforestation and from the growing of crops as alternative energy sources. The former will require a commitment to increasing the area of farm woodland plantings, especially broadleaved trees. The latter will require a commitment to a strategic approach from DARD and the other Departments involved.

The areas for action identified are:-

- » assistance for farmers to enable them to reduce the risks of point-source pollution and to enhance biodiversity;
- » an expansion of afforestation and an increase in the growing of crops as alternative energy sources.

Changes in Wader Populations in the Northern Ireland Countryside



Key theme G:

Developing People

While private companies do fund much education and training for their workforces, these are also areas where Governments intervene to try to ensure the socially optimum level of provision. This is because private individuals and companies tend to under-invest in education and training as they find it difficult to capture the benefits from their investments. This is a particular problem at farm level.

There is considerable evidence internationally to indicate that the most successful businesses and companies invest heavily in training in its widest sense. In Northern Ireland, there is evidence that the workforce in the agri-food sector lacks relevant vocational qualifications and that there is insufficient emphasis on up-skilling in employment. There are serious skills deficiencies in production management, business management, marketing and in core skills such as information and communications technology. This, in turn, means that agri-food and rural businesses, including farms, have limited capacity to adapt to changing market demands. On the other hand, the wide range in business performance in the industry - for example, the best suckler cow producers have margins 60% above the average - indicates considerable scope for improvement.

These problems suggest responses in terms of:-

- » re-skilling and up-skilling of the existing labour force;
- » promotion of lifelong learning;
- » benchmarking;
- » attracting young people into the industry and ensuring that they have the appropriate skills and training.

The Targeting of Research and Development and Technology Transfer

Appropriate research and development has been identified as essential to the future development of the industry and should be sharply focused on expanding its development priorities. There is some concern that only a relatively small proportion of DARD's research and development expenditure appears to be on the areas regarded as key for the future development of the industry.

A number of sector-specific research and development requirements have been identified as essential to improving the ability of the industry to compete at, or closer to, world market prices and for improving food quality and animal health.

Other areas for increased research and development effort relate to information and communications technology and the development of business acumen.

The key challenges identified are to:-

- » identify future priorities for research and development;
- » ensure that the current research and development programme is sufficiently aligned with industry, educational and environmental needs.

Key theme 1:

Exploiting the Opportunities Offered by Information and Communications Technology (ICT)

The Northern Ireland agri-food sector has been slow to exploit the benefits of ICT, which offers opportunities to improve business management, marketing and competence development. National and international benchmarking in this area is now a practical proposition and could assist the industry to move forward.

Exploitation of this opportunity has much to offer progressive, part-time businesses, as well as those farming full-time. It provides a cost-effective means of linking them to high quality business support. However, rapid uptake of ICT will happen only if farmers can be given easy access to a range of user-friendly applications which provide clearly demonstrable business advantages. Failure to recognise and take advantage of the opportunities offered by ICT risks creating what could be termed the "new illiterate"; individuals who are marginalised by their inability to access the help, information and opportunities available to others who have ready access to information and communications technology.

Interactive "business-to-business" computing solutions are becoming increasingly common in commercial relationships. It is imperative that Northern Ireland agri-food businesses quickly establish e-commerce strategies to position themselves to take advantage of this developing trend. E-commerce also offers ready access to global market opportunities through e-marketplaces, as well as cost and efficiency gains in the areas of supply and payments.

Benchmarking is an important management tool which can be facilitated by ICT but its value is limited by the absence of a common protocol and standard performance indicators.

The perception is that uptake in utilisation of ICT in the processing sector is highly variable and this is an area which may need to be studied.

The main issues arising from the consideration of issues surrounding ICT are:-

- » Northern Ireland farmers and processors will need to be ahead of their competitors in exploiting ICT and to be aware of the changes that this will mean to their businesses;
- » every effort should be made to encourage the uptake and exploitation of ICT.

Key theme J:

Furthering the Interests of Northern Ireland

25

Many of the key influences on the Northern Ireland agri-food sector reflect developments on world markets or decisions taken at national or international levels. In particular, the exchange rate, which has already been identified as a significant influence on farm income, is effectively decided in international financial markets and even Governments find it difficult, if not impossible, to intervene successfully to move the rate one way or another on a long term basis.

This does not mean that Northern Ireland should simply accept that there is nothing that can be done about these issues and, in the margins, there will be opportunities to influence decisions on CAP reform. This means that there must be an effort to increase the influence which Northern Ireland has in areas where decisions are taken. In particular, the new political dispensation creates a framework within which the Northern Ireland institutions can act with their counterparts in the Republic of Ireland in a way which was not possible before.

In the context of preparing to deal with external influences, the industry must make the best use of economic forecasting techniques and analyse future developments.

The main issues in the context of representing Northern Ireland effectively are:-

- » the establishment of institutional arrangements which will enable Northern Ireland to have a stronger voice at both national and international levels;
- » making use of as much information as possible on the directions in which the industry needs to go to react properly to external changes.

Recommendations for Action

Following on from the above rationale for action, the Steering Group proposes the following Recommendations for Action.

Key theme A:

Focusing on the Evolving Demands of the Market

structures

generic branding

products

programmes

structures

There is a range of central and local government agencies and industry associations supporting the Northern Ireland agri-food industry but many have narrowly defined aims and lack the resources to be truly effective. There is also some overlap and duplication of effort, incidental conflicts of interest and influence and an over-politicised and fragmented approach to tackling the major problems of the industry. The broad range of Northern Ireland agri-food interests shows insufficient signs of integration and funding of many initiatives may be low by international standards.

The following recommendations are made to address these issues:-

A1. Government and the industry should establish a **Food Body to co-ordinate food marketing and supply chain issues**. This concurs broadly with a similar recommendation in Strategy 2010.

A2. A2. It is recognised that there are many detailed, complex and difficult issues to be resolved before such a Body could be established. A vital prerequisite to tackling these issues will be a broad acceptance across the agri-food industry of the need for, and concepts underpinning, the proposed Body. Therefore, **the consultation period following publication of this Report should be used to canvas active support among industry stakeholders** for this proposal.

- A3. If, as anticipated, the industry as a whole gives this support, then it is recommended that a **Working Group**, with the necessary portfolio of skills and which can command the support and confidence of the agri-food industry as a whole, should be established **to consider the precise structure, responsibilities and functions of this Body**, drawing as appropriate on the experiences of similar bodies in other countries. It should be **Government's responsibility to take a lead in fostering and co-ordinating the creation of this Working Group**, acting as the honest broker at this delicate phase in the process. Therefore, the establishment of the Working Group should form part of the Action Plan arising from this Report and the ensuing consultation period.
- A4. The Steering Group does not wish to be prescriptive as to the precise functions and responsibilities of the Food Body and if any of the individual Recommendations which follow are not progressed by a Food Body, then **other means should be sought for their implementation**.
- A5. Initially at least, the Body will provide leadership on behalf of the Northern Ireland food industry by **co-ordinating and streamlining existing industry initiatives and programmes**. It will also **work in close partnership with Government in promoting the development of the food industry**, ensuring the implementation of policies and programmes which the industry wants (taking account of consumer demands), making them more accessible and stimulating industry's uptake of Government support. In the longer term, there may be scope for the Body to assume some of the roles and responsibilities of existing organisations and initiatives if there is broad agreement across Government and industry that this is the best way to proceed.
- A6. A key task for the Body following its establishment would be the creation of an attainable and co-ordinated **long-term strategy, targeting new markets and sectors for the development of the Northern Ireland agri-food industry**.
- A7. Government should provide substantial **pump-priming funding** for this Body, **with ongoing funding provided by both Government and the industry itself**.
- A8. The Food Body should be **chaired by a full-time (possibly international) senior industry figure**, with a management board representative of producers, processors (both large and small) and producer/processor associations and **assistance from Government agencies, retailers, ICT experts and other stakeholders**.

generic branding

Concerns have been expressed that the Northern Ireland agri-food industry has been left behind in terms of generic branding when compared with initiatives such as 'Scotland the Brand' and 'Ireland – the Food Island'.

There is evidence from various sources of a clear disadvantage stemming from the image of Northern Ireland as portrayed by the international news media. This image is not a positive factor for trade promotion purposes. However, a clean and natural image and the traceability of product do offer potential marketing advantages for Northern Ireland agri-food over suppliers from other parts of Europe and the rest of the world in targeting key trade customers.

Generic branding is not appropriate for all agri-food sectors. However, it can provide a competitive advantage in trade marketing where sufficient products in a sector can demonstrate consistent, assured and superior quality, coupled with a recognisable and desirable image which is communicated to the customers by sustained marketing initiatives. Generic branding can also be useful for developing an industry standard which companies strive to achieve. There is, however, scope for only limited use of consumer generic branding.

It is anticipated that many of the Recommendations in the remainder of this Theme and in Theme B could be taken forward by the proposed Food Body. However, it will be a matter for the proposed Working Group to agree the precise functions of the Body. In the event that the Food Body is not established, then the industry and Government should find other ways of ensuring the implementation of these Recommendations.

A9. Utilising the **Irish branding theme** in association with An Bord Bia may bring certain economies, greater weight and an unambiguous message. While this may be a more complex solution, it may be the most rewarding strategic option in certain markets and **should be explored**.

A10. The **internet should be used creatively, where appropriate, to generate a positive image for Northern Ireland agri-food products** with consumers and trade buyers, backed up by details of quality assurance, traceability, dietary and health specifications, etc. Hyperlinks should be built into the sites of Northern Ireland producers and processors. Where appropriate, this should co-ordinate with the complementary project being undertaken by the Northern Ireland Food and Drink Association and funded by the Information Age Initiative (see Recommendation I13).

products

A11. Selective and prioritised use should be made of generic branding, primarily in support of trade marketing, with the backing of the entire supply chain and for clear commercial gain.

The lack of a wide and expanding portfolio of food products to exploit changes in food consumption and spending is a major weakness. The majority of food supplies from Northern Ireland to the wider GB market are produced by less than ten companies, most of whom are larger operators. Many companies are still too heavily focused on traditional, local markets.

A major challenge to the entire food chain is to produce food which is safe and is seen to be safe. Food safety and the retention of consumer confidence must become a central tenet of every link in the chain. Failure to meet consumer expectations in this vital respect will undermine all of the other efforts to secure the future of the industry. The importance of food safety simply can not be overstated.

A12. Few Northern Ireland agri-food companies are truly market driven. **A facilitator, such as the proposed Food Body, should be appointed to promote a more focused approach** based on a wider appreciation of the food market. This should assist **the free flow of information and accelerate the process of learning and development** of the industry to maximise sales and growth potential in the medium and longer terms.

A13. Sales of commodity food products will continue to decline, with further pressure on prices from new EU entrants and from global competitors. A priority for the agri-food industry should be the production of **differentiated and added-value products for the retail sector, while building links and relationships in the food service and catering sectors** to preclude potential competitors. To do this, the industry will have to **negotiate and secure the necessary funding.**

programmes

A14. Northern Ireland agri-food companies must **focus more attention on growing sectors, such as convenience foods,** in the UK and Europe.

A15. **Specialist foods and organic foods** are also growth sectors which offer significant opportunity and must no longer be treated as short-term fashion trends.

A16. **Industrial crops may provide new outlets** for agricultural activities and should be explored.

A17. **Foodaceuticals** could also provide an opportunity for the agri-food industry to work closely with Northern Ireland's highly successful pharmaceuticals industry. The **opportunities presented by emerging biotechnology developments** should similarly be considered (see also Recommendation H3).

A18. The Northern Ireland agri-food industry would benefit from more regular and inclusive discussions with the **Northern Ireland General Consumer Council, as well as national and European consumer groups.**

Concern has been expressed that the Northern Ireland agri-food industry is too traditional, resistant to change and focused too heavily on a narrow range of products geared to the needs of its local market. It is proposed that the suggested Food Body, working in partnership with Government and the industry, should implement the following Recommendations to address these deficiencies.

A19. Potential customers and suppliers need to be identified and **partnerships developed** with them.

A20. **Adequate funding should be sought for a range of marketing programmes** (subject to the usual requirement for EU State Aid Approval, where appropriate). It should source the best providers of these programmes, both locally and internationally.

- A21. A range of targeted marketing programmes should be developed and promoted, focusing on **profitable business with retailers, foodservice companies, convenience food manufacturers and speciality foods distributors**.
- A22. Marketing programmes which focus on product **packaging and presentation, e-marketing and making use of exhibitions and events** should be developed and promoted.
- A23. Marketing programmes which focus on **innovation, risk management, market research and consumer trends, “good-for-you” foods, and ethnic and world foods** should be developed and promoted.
- A24. Marketing programmes which focus on how **successfully to market a clean and green image and our food traceability systems** should be developed and promoted.
- A25. Marketing programmes which focus on **health and dietary needs of consumers** should be developed and promoted.
- A26. Marketing programmes **aimed specifically at educationalists, healthy-eating and fitness groups, children and young people** should be developed and promoted to redress an apparent imbalance in knowledge concerning food, animal welfare, diet and health.
- A27. A single, **Unified Farm Quality Assurance Scheme for Northern Ireland** should be developed. This should be a one-stop shop for quality for this should be assurance at farm level, including the Northern Ireland Food Chain Certification Initiative (see also Recommendation B12). In the case of livestock, this should facilitate **Lifetime Quality Assurance** for all animals born, reared and processed in Northern Ireland, with a **total ICT linkage from producer to processor** within a target time of two to three years (see Recommendation B8, Recommendation D4 and Recommendation I8).

Key theme B:

Strengthening the Food Chain



distribution of profits

communication, trust
and quality assurance

distribution of profits

Considerable concern exists both about the overall level of profits generated within the food chain and its unequal distribution among the various links. The Ulster Farmers' Union, the Northern Ireland Agricultural Producers' Association and DARD have all highlighted the unprofitability of many farms. The Department of Enterprise, Trade and Investment has reported that most food processors are making insufficient returns to sustain future investment. The Competition Commission has reported that the profits of retailers are not excessive. As competitive pressures continue to push retail food prices lower, improvements in profitability in an open market economy can only come either through differentiation of products in order to enhance returns, greater efficiency and lower costs throughout the food chain, or at the expense of others in the chain.

In an open and properly functioning market, it is impossible for Government to devise a workable, legal or fair way of re-distributing profits within the food chain. Inevitably, the larger, more efficient or more innovative members of the chain will tend to be the most profitable in the long term. Those who contribute to the over production of fairly average, undifferentiated commodities should not expect the market or Government to reward them, fairly or otherwise. Supply chains which depend largely on unplanned and speculative production, along with adversarial procurement, are unlikely to meet their aspirations for profit, particularly as markets become freer through the reduction or abolition of import protection and export subsidies.

Farmers, being the producers of basic raw materials, will always represent the part of the food chain which is the most vulnerable to competitive pressures, particularly if their output is little different from that which can be sourced elsewhere. Co-operation among farmers that is geared solely to the achievement of market power as a means of addressing this issue is unlikely to deliver long term benefits if alternative supplies of similar raw materials are readily available.

To be truly successful, producer co-operation must embrace a broader ethos of servicing the market with a product that is in some way differentiated. Moreover, it must operate in an efficient, professional and disciplined manner.

Changes in the CAP will help to re-balance the supply chain by allowing production to be driven more by market forces, with less distortion stemming from the operation of subsidies. Meeting consumer aspirations regarding animal welfare, organics, genetic modification, etc. will not be achieved in Northern Ireland unless there is effective supply chain co-operation and management.

The following Recommendations are made to address these issues:-

B1. The proposed **Food Body** (see Recommendation A1) **should facilitate all agri-food supply chain initiatives**, encouraging all stakeholders to work in **partnership** and encouraging more transparency for greater supply chain profitability by **driving out waste and inefficiency**. It should also facilitate the implementation of any agreed **Retailer Code of Conduct** for the benefit of processors, producers and retailers.

B2. Producers and processors alike **must look to wider markets** to maximise their returns and minimise their costs. Local producer prices will not reflect national prices unless there is a willingness to trade nationally and internationally.

B3. Producers should **increase their involvement with existing farmer/processor co-operatives** to capture benefits of scale, reduce costs, promote market awareness and exploit market opportunities.

communication, trust and quality assurance

The general climate of mistrust and hostility between some parts of the food chain has been well publicised and where it exists, is likely to leave everyone in the chain at a significant disadvantage. In these circumstances, the customer (processor/retailer) becomes the enemy, the supplier (producer/processor) is regarded with suspicion and kept at arms length and quality is replaced by cheapest production.

Northern Ireland producers often claim that Northern Ireland food is the best in the world but sadly, this is not always the case. Not all Northern Ireland products are class-leading and often, the packaging and presentation are uncompetitive.

A marketing strategy focusing on a positive environmental image of Northern Ireland may achieve some credibility and value, but only if all claims can be fully substantiated, sustained and communicated against a background of ever increasing consumer concerns about food safety and identical 'naturalness' claims by most other European countries.

The following Recommendations are made to address these issues:-

B4. The work of the **Food Chain Group**, set up in GB in October 1999, should be **extended to Northern Ireland**. At that time, it was argued, quite rightly, that setting one part of the food chain against another will achieve nothing and that the whole industry needs to recognise its common purpose and work together in the interest of the consumer and the wider economy.

B5. **All food chain participants should become involved in Task Forces** (see also Recommendation G9). These should **identify and stem the unnecessary leakage of profits** from the food chain through waste, inefficiency, duplication, lack of planning, etc. and **establish stronger relationships and consumer focus throughout the chain**. The main output would be in the form of strategies, action plans and programmes which are devised and actioned by all parties in the chain.

B6. “Walking the Supply Chain” exercises should be facilitated to assist the **integration of the food supply chain**. These should improve communication between producers, processors and multiple retailers and increase understanding of the needs of the market.

B7. In each sector, **effective food chain management, model farming units** (see also Recommendation G6), **and effective quality assurance and licensing** should be established. Best practices, should be promoted through **benchmarking** (see also Recommendation G5 and Recommendation I6), **demonstration and mentoring** from participants within the industry, who will start to agree and understand each other’s needs with regard to volumes, timing,

quality assurance and presentation. The industry must look for **excellence** in time to market, routes to market, damage/waste control, storage, cost reduction, elimination of non-value-adding work and process re-engineering.

B8. **A Unified Farm Quality Assurance Scheme for Northern Ireland should be developed**. This should be a one-stop shop for quality assurance at farm level, including the Northern Ireland Food Chain Certification Initiative (See also Recommendation B12). In the case of livestock, this should facilitate **Lifetime Quality Assurance** for all animals born, reared and processed in Northern Ireland, with **a total ICT linkage from producer to processor** within a target time of two to three years (see also

Recommendation A27, Recommendation D4 and Recommendation I8).

B9. Assurance of food safety is of paramount importance to the future of the agri-food industry. DARD should appoint a **Director of Food Safety** to act as a link between the Food Standards Agency and the industry, raising the profile and promoting the importance of food safety at all stages in the food chain. The proposed Food Body would also play a vital role in furthering a food safety agenda.

B10. DARD’s **Animal and Public Health Information System (APHIS)** should be made a service to the Northern Ireland livestock industry as a whole (see also Recommendation C18, Recommendation C21, Recommendation D19 and Recommendation I7). It should be **used more effectively in a number of non-veterinary functions** to guide animal production, to enhance marketing propositions, to improve consumer confidence and generally to help the industry to excel against its competition.

- B11.** An internet trading platform for Northern Ireland producers and processors should be developed using the latest internet exchange technology. This would be an important stepping stone towards contractual relationships (see Recommendation I12).
- B12.** The Food Body should become the arena for more frequent and constructive communication throughout the food chain. It should seek to implement forward pricing, transparency on costs from producer to retailer, lower insurance costs, objective grading of livestock (see also Recommendation C19), higher payments for higher quality, contractual rather than speculative production and higher consumer satisfaction. Further, it should expand the Northern Ireland Food Chain Certification Initiative across all sectors to improve quality assurance, accreditation and share costs (see also Recommendation A27 and Recommendation B8).
- B13.** The Body should seek to unite all components of the food chain around common causes. It should work with all concerned in the chain to eliminate unnecessary costs incurred as a result of excess capacity in processing and primary production. It should seek to iron out market volatility by promoting the concept of contractual production to market-led specifications and at prices which permit the necessary investment in safety, quality and innovation. It should work to ensure that, where possible, Northern Ireland production and processing costs are at least comparable with those of our major competitors.
- B14.** The Body should act, if required, as a one-stop-advisor for all Government and local government support measures for producers and processors.

Assisting Structural Adjustment and Improving Farm Sectoral Performance

assisting structural adjustment

improving farm sectoral performance

assisting structural adjustment

From an economic perspective, the average farm size in Northern Ireland, even though double the EU average, limits potential efficiency gains and the present rate of farm restructuring may be too slow to secure future competitiveness. Although many small farmers generate very low incomes from their farming activities, a reluctance to sell land, the conacre system and, possibly, other factors such as inheritance tax, militate against land transfer and permanent structural improvement. Data for the past decade indicate a significant reduction in the volume of permanent land transfers in Northern Ireland, reflecting a similar trend in the Republic of Ireland. The conacre system does, however, provide flexibility in an area where virtually all farms are owner-occupied.

Farmers with average and poor enterprise/farm business performance could improve their incomes and sustainability significantly by applying best business management practice, improving their market orientation and collaborating with others. Few younger people with entrepreneurial flair are getting the opportunity to manage farm businesses

It is essential that the family farm structure is sustained, but many more farm families, if they are to remain on their farms, will need off-farm employment and/or farm diversification (i.e. pluriactivity) to supplement existing farm incomes. They will need specialist support to adjust to this fundamental change. The issues are complex, with problems and potential solutions varying according to farm size, full-time/part-time operation, enterprise type and other factors.

The following Recommendations are made to address these issues:-

C1. The impact of planning regulations, the conacre system and inheritance tax could be considered in the longer term in the context of a Rural White Paper but should not be pursued at this time as a means of speeding up restructuring. However, the Vision Group notes and welcomes the proposal in the Programme for Government to create a more co-ordinated and efficient planning process. It particularly welcomes the commitment by the Department of Regional Development to initiate work early in 2002 which will lead to the publication by September 2003 of a Regional Planning Policy Statement on the Countryside.

Any actions to stimulate more rapid and sustainable improvement in farm structures should preserve the advantages of conacre. Inheritance Tax is a UK fiscal issue and there may be little chance of securing any advantageous change.

C2. DARD should establish and fund a 'Farmer Retirement Facilitation Scheme' to assist farmers and their families through the complex issues associated with retirement and succession planning. This would provide practical help and advice on matters such as adequate pension provision, the importance of making a Will, taxation and financial planning, the transfer of management of the farm to the next generation and the transition from working life to retirement. It would require the input of a range of advisory skills and support, including financial expertise and counselling skills.

C3. The Vision Group recognises the complexity of the issue of attracting new entrants into the agricultural industry and the associated issue of early retirement. It notes the conclusions of the report commissioned by the Minister of Agriculture and Rural Development earlier this year on the operation of the EU Early Retirement and New Entrants Schemes in other Member States and their possible application in Northern Ireland. In particular, it notes the lack of conclusive evidence of, or research into, the efficacy of these Schemes in stimulating agricultural restructuring. The Group notes the commissioning by the Minister of Agriculture and Rural Development of independent primary research by the Queens' University of Belfast in conjunction with University

College, Dublin to investigate the merits of New Entrants and Early Retirement Schemes, as permitted under EU Rural Development regulation before a final decision is made on their possible application in Northern Ireland.

C4. However, on the basis of the information available to it, and recognising that the availability of resources will probably be a limiting factor, the Vision Group favours the support and encouragement for young farmers provided by a New Entrants Scheme (or a similar such measure) rather than an Early Retirement Scheme. Certain other EU countries are effectively supporting young farmers at relatively modest cost and appear to be gaining some structural improvement as a result. It seems likely that the

EU Early Retirement Scheme would represent poor value for money compared with possible alternative uses for limited resources, would help few farmers, some of whom may be retiring anyway, and would do little to strengthen the long-term position of the industry.

C5. For its longer-term prosperity, able young people must be attracted into the industry and equipped to deal with future challenges. Therefore, the proportion of farmers under 45 years of age managing farms should be doubled by 2010. Match Funding which will become available in the context of the modulation of direct EU producer payments should be used to finance a New Entrant Programme to provide targeted support for qualified, young, new entrant farmers. Further support

should be given through the preferential allocation of any production quotas that may become available, together with preferential rates of grant.

C6. DARD, in collaboration with other Departments, should provide increased support for diversification of farm businesses and retraining of people for off-farm employment (see also the range of Recommendations under Developing People Theme).

C7. By 2002, formal linkages among DARD, the Department for Employment and Learning and the Department of Enterprise, Trade and Investment should be established to ensure that all economic development agencies, in conjunction with employers in rural areas, co-ordinate their job creation programmes and refocus their emphasis on the provision of part-time as well as full-time rural employment opportunities.

C8. Local economic development agencies should develop a greater interest than hitherto in the development of farm businesses and the potential for both full and part-time employment in rural areas.

C9. To facilitate off-farm employment, DARD should pilot the development of a range of low labour input farming systems and support collaboration between farmers to accommodate part-time farming. This should be supported and demonstrated through a network model farm units (see Recommendation G6).

C10. DARD should introduce a programme to support 'stakeholders in Northern Ireland Agri-food plc', specifically including progressive farmers and processors, to travel abroad to assess the opposition, identify innovation and report back on opportunities which can be applied in Northern Ireland. This could complement the Industrial Research and Technology Unit (IRTU) Networking Programme designed to help Northern Ireland firms keep abreast of research and technological developments.

improving farm sectoral performance

All sectors will face major challenges in the future. World Trade Organisation agreements and continuing CAP reform will inevitably result in producer prices reducing towards world market levels - the only unknown is the speed of transformation. Agricultural support will continue but at a reduced level and may be increasingly decoupled from production or linked to Community priorities such as environmental sustainability (eco-conditionality), animal welfare and food safety.

Reducing market returns may stimulate a more seasonal pattern of production from the ruminant livestock sectors as producers seek to minimise costs by maximising their production from grazed grass. This could be antagonistic to efforts to service consumer markets and add value to basic farm commodities before they are shipped from Northern Ireland.

There are huge variations in performance among individual farms and processing businesses in all sectors. Some sectors also have major inherent problems, e.g. lack of communication and trust along the supply chain, lack of organisation and collaboration and poor livestock quality, which, unless addressed, will seriously impede competitiveness.

Northern Ireland already has some very good farmers and processors in all sectors. They can compete strongly under present market conditions and will seek to innovate and adapt to changing market demands and conditions. The challenge is to stimulate and support them to be genuinely world class in a freer, more open market and to help other farmers and processors with lower levels of performance to improve their sustainability and incomes by applying appropriate technology and best business management practice.

Sub-sectors differ in their current competitiveness, level of EU support, problems, challenges and opportunities. Similarly, the actions needed to secure improved competitiveness will vary across sub-sectors, but all share requirements for development to be underpinned by targeted:-

- Research and Development;
- Competence Development;
- Technology Transfer Initiatives (including ICT);
- Market Orientation/Marketing Initiatives; and
- Collaboration/Integration Initiatives.

These are covered in other sections of this Report. Further sector-specific Recommendations are summarised below.

C11. Electronic individual identification of livestock has the potential to aid traceability, reduce health and safety risks and facilitate improved herd management. DARD should introduce a system of electronic individual identification of livestock in Northern Ireland as soon as the EU has agreed a common approach and any outstanding technical issues have been resolved. In addition, the Department should progress a traceability system based on genetic finger printing or any alternative technology which delivers similar advantages (see also Recommendation D16, Recommendation D18 and Recommendation I9).

C12. Systems must be developed to integrate good environmental management practice with welfare friendly production of quality livestock and livestock produce which can attract a premium in the marketplace. High priority must also be accorded to the introduction of schemes and initiatives which ensure the rapid adoption of such systems throughout the industry.

C13. EU headage-based support payments have created numerous problems and distortions in the grazing livestock sectors, particularly a weakening of the incentives to produce high quality animals and to respond to market signals. They also create incentives for a small, unscrupulous minority to engage in fraudulent activities which undermine the reputation of the industry as a whole and pose a significant threat to Northern Ireland's animal health status. Headage payments can also lead to environmental problems, for example, in terms of grazing pressure in environmentally fragile habitats. Therefore, the Minister of Agriculture and Rural Development should lobby her counterparts in GB and in Brussels to seek to replace support based on grazing livestock numbers

with an area-based support mechanism in order to secure the potential advantages related to the conservation of the environment, a reduction in livestock movements and a sharper focus on servicing market demands.

- C14. The beef industry faces a very difficult future. One of the highest priorities must be to secure a relaxation of the export restrictions that effectively bar Northern Ireland beef from export markets. This will facilitate a diversified marketing strategy which is essential for the long-term development of the beef sector (see Recommendation J5).
- C15. A major challenge is to improve cattle and carcase quality and exploit this to secure improved returns from the live and dead market. The ultimate aim should be for Northern Ireland to produce and successfully market top quality beef derived from grass-fed cattle; a superior product, quality guaranteed, good for health and with full traceability.
- C16. A DARD or EU funded programme is urgently required to stimulate the production and retention of top quality female replacements from within the suckler herd and to improve the output of Northern Ireland pedigree herds. This should be backed up by appropriate research and development (see Recommendation H8), competence development and technology transfer programmes. The aim should be to produce 180,000 E, U and R grade cattle annually by March 2004 and 210,000 E, U and R grade cattle annually by March 2007.
- C17. Another challenge is to develop and adopt/optmise low-cost, grass-based systems of beef production in order to compete more effectively as EU support is reduced. These systems must be capable of accommodating year-round production so that market demands in terms of continuity of supply can be met. Appropriate research and development (See Recommendation H9), competence development, benchmarking and technology transfer programmes should stimulate this change.

- C18. There is great potential for DARD to assist the **beef sector to move forward by adopting ICT and other forms of new technology** (see Recommendation H7 and Recommendation I10). Significant competitive advantage could be secured from objective grading of cattle, electronic identification and movement monitoring of cattle and provision of improved ICT-based business support services, specifically including the further development of the Animal and Public Health Information System (APHIS) (see Recommendation B10, Recommendation C21, Recommendation D19 and Recommendation I7).
- C19. Objective grading would greatly reduce the conflict and mistrust which presently bedevils the industry. A **pilot of objective grading based on the yield of saleable meat should be carried out** as soon as improved technology is available with a view to its earliest possible widespread adoption (see also Recommendation B12). The exercise should compare payment on the basis of objective grading with the present method.
- C20. DARD should also consider, in consultation with the industry, the transfer of the function of carcase classification from the Livestock and Meat Commission (LMC) to the meat companies and **a re-focussing of LMC activities under promotional marketing**.
- C21. DARD should **accelerate the development of its Animal and Public Health Information System (APHIS)** to utilise its vast potential to support marketing, supply chain communication and monitoring of quality, as well as animal health and movement information (see Recommendation B10, Recommendation C18, Recommendation D19 and Recommendation I7). In this context, **the future ownership of the APHIS system should be reviewed**.

C22. Many of the challenges facing the sheep and cattle sectors are similar, though more daunting in the case of the former. A major challenge for the sheep sector is to **improve quality of breeding stock and exploit improved lamb quality to secure improved market returns.**

While livestock quality on the lowlands requires improvement, more significant action is required to improve the quality of the much larger number of stock on the hills and uplands and to link this with product innovation to make use of lighter lambs. The ultimate aim should be for Northern Ireland to produce and successfully market top quality, grass-fed lamb; a superior product, quality guaranteed, good for health and with full traceability.

C23. DARD should work with the industry to **stimulate the production and retention of top quality female replacements and to improve the quality of output from Northern Ireland pedigree flocks.** This should be backed up by appropriate research and development (See Recommendation H10), competence development and technology transfer programmes. Initiatives would include **the promotion of recording in pedigree flocks, benchmarking and a study of the reasons why many farmers do not retain the best quality females for breeding.**

C24. A further challenge is to **develop and adopt/optmise low-cost, low labour input, environmentally sustainable, grass-based systems of production in order to compete more effectively as EU support is reduced.**

Appropriate research and development (see Recommendation H11), competence development, benchmarking and technology transfer programmes should stimulate this change.

C25. If found in sheep, BSE has the potential strongly to influence the future of the local sheep industry. Results and recommendations from the current study on the incidence of Scrapie in Northern Ireland should be carefully examined with a view to **developing and implimentating actions which can reduce or eradicate**

Scrapie and secure competitive advantage for Northern Ireland. If its value is confirmed by the current study, the **Ram Genotyping Project should continue to have high priority.**

C26. Lamb producer groups have had a major beneficial influence on the sheep sector and **continued support should be provided for lamb groups** to foster further collaboration between farmers and encourage linkages with processors to secure maximum returns from the marketplace.

dairying

C27. While there is more justification for optimism in the milk sector, production and processing will have to be much more cost effective than at present. **The key challenge for milk producers and processors is to prepare to compete at significantly lower prices** brought about by a reduction of EU price support. The sector, in common with others, must attach a high priority to reducing costs through the adoption of appropriate technologies, improving business acumen and seeking to secure economies of scale. Milk quotas will become less relevant, whether or not the system is formally dismantled.

C28. Producers will need to **adopt and carefully manage low cost systems which optimise production from grass, utilised as far as possible in situ, and be more responsive in meeting the quality requirements of processors.** Appropriate research and development (see Recommendation H5), competence development, benchmarking and technology transfer programmes should stimulate this change. Appropriate new technology includes **the use of sexed semen for production of replacement dairy heifers** (see also Recommendation H6 in relation to sexed embryo research) and complementary use of beef bulls for production of cattle for finishing.

intensive livestock

C29. The key challenge for the **pig sector is to produce the required quality at a price which the market will sustain and which will provide a reasonable profit for the producer.** There are major variations between pig units in terms of their productivity, quality of output and profitability. Accordingly, the sector must set a priority for benchmarking and 'model units' (see Recommendation G6) in support of **technology transfer and competence development** programmes.

C30. DARD should liaise with the Dublin authorities to seek the development and implementation of an **Aujeszky's Eradication Programme** for the pig industry in the Republic of Ireland. DARD should also seek to complete the implementation of this Programme in Northern Ireland at the earliest opportunity (see also Recommendation D2 and Recommendation J8).

arable crops and horticulture

C31. The **poultry meat** sector will benefit from its flexibility, integrated nature and innovation and should remain in something like its present form as processors continue to process both imported and home-produced meat. Similarly, the small **egg-production** sector will survive, but it must adjust as the market dictates.

C32. The key challenge for **potato growers is to identify and meet the requirements of buyers and produce a consistently high quality product while practising strict cost control and waste avoidance**. With buyers increasingly providing technical support, DARD should concentrate primarily on supporting the development of **business competence**.

C33. With Northern Ireland suffering from disadvantages in terms of climate and drying costs, there is little scope for expanding traditional grain production. However, the **potential to increase output of moist grain** for use by local ruminant enterprises seeking to reduce over-wintering costs should be developed. There is also scope for increased **biomass production and utilisation** (see Recommendation H12).

C34. In light of the substantial grant support for commercial horticulture available in the Republic of Ireland, the Northern Ireland horticulture industry could face a very difficult future. **The Northern Ireland Assembly should be alerted to the unfair competition facing horticultural growers and encouraged to provide similar financial support**.

C35. DARD should assist the industry to **devise and implement a strategy to develop the commercial horticultural industry** and exploit the opportunities for various horticultural crops that would exist given a more level playing field. Issues vary across sub-sectors, but all require support to **identify and adopt innovative systems and technologies**, particularly those related to **environmentally friendly production**, and to **identify and develop linkages and collaboration** to exploit new business opportunities.

C36. The Northern Ireland equine industry also faces a difficult future because of the favourable tax treatment and support enjoyed by the industry in the Republic of Ireland. DARD should, therefore, seek to **ensure that the undertakings relating to equines announced in the Prime Minister's Summit of March 2000 are followed through to positive outcomes and to identify and implement other measures** to provide the Northern Ireland equine industry with a more level playing field. The **redesignation of the horse as an agricultural animal** should be pursued in the longer term.

C37. By 2002, DARD should broker and facilitate discussions and subsequent actions to **establish more unified structures to represent the key equine industry interests and provide stronger leadership** in the development of the industry. Depending on the outcome of initial consultations, one or two 'umbrella organisations' may be needed to represent the two main sectors of the industry (thoroughbred and sport horse). As part of that process, DARD and the new organisation(s) should **engage with the responsible bodies in the Republic of Ireland** to agree and implement mutually beneficial actions.

C38. By 2003, DARD should assist the new industry body or bodies to **create and implement a strategy and action plan to develop the equine industry**. This should include helping the industry to secure EU or other funding to support breed improvement and the application of improved technologies.

Key theme D:

50

Protecting and Enhancing Our Animal Health Status



preventing disease entry and spread

reducing the incentives and scope for fraud

improving animal traceability and movement controls

strengthening legal instruments and their enforcement

preventing disease entry and spread

The recent experience of the outbreak of foot and mouth disease has illustrated graphically the importance of preventing the entry and spread of new and exotic animal (and plant) diseases in Northern Ireland. Such an event could have far-reaching effects on the agri-food industry and other parts of the economy and could even have human health implications. Although EU legislation may limit the scope for unilateral action on the part of Government in preventing disease entry and spread, it must, nevertheless, explore all of the legal and practical avenues open to it to protect the animal and plant health status of Northern Ireland. However, Government alone can not deliver the biosecurity that Northern Ireland needs.

The industry itself must implement a range of measures and adopt best practice in furtherance of its own self-interest.

The following Recommendations are made to address these issues:-

- D1. Urgent steps need to be taken by DARD to **investigate what practical and/or legislative measures can be undertaken to strengthen the protection afforded at ports** against the introduction of new animal and plant diseases (see also Recommendation D25 and Recommendation J8). Although this may well reveal that little action is possible within the existing strictures of EU legislation, it would provide the necessary assurance to the industry that the protection afforded by this means was being fully deployed, thereby underpinning the requirement to seek other means of protection.
- D2. Where appropriate and feasible, DARD efforts and resourcing should be enhanced in **developing and pursuing an all-Ireland animal and plant health policy aimed at controlling the spread of, or eliminating, diseases** that already exist on the island and which have a significant economic or human health impact (see also Recommendation C30 and Recommendation J8).
- D3. DARD and the industry must make **an objective assessment of the animal health status of Northern Ireland compared with GB and other EU Member States**. Based on this assessment, informed decisions can then be taken on animal health policy and, in particular, on any moves to eradicate diseases of current or potential economic or public health significance.
- D4. **All farm quality assurance schemes covering livestock should have a significant animal health and welfare component drawn up in conjunction with the veterinary profession**, including a herd/flock health plan and covering farm biosecurity (see also Recommendation A27, Recommendation B8 and Recommendation I8). These should be subject to on-farm audit and regular review.

- D5. Use should be made of a network of **model farms to promote and demonstrate the practice and benefits of high herd/flock health and welfare status** (see also Recommendation G6).
- D6. The **industry itself must do all that it can to mitigate the risks of importing disease** by assuming responsibility for ensuring that stock are bought only from reputable sources, that the health status of the animals is known, that the necessary statutory checks and controls have been adhered to and that animals are properly transported to, and handled on, the farm of destination (including isolation from existing stock). In this context, **DARD should initiate an update and re-launch of the industry codes of practice for importing livestock** which were first produced shortly after the completion of the Single European Market at the end of December 1992.
- D7. A system should be developed, with inter-agency and industry co-operation, to **monitor and track the movements of imported animals**. However, it is recognised that there are substantial **legal and resourcing issues which would need to be addressed** in advance of pursuing such a policy. DARD should explore these as soon as possible with a view to implementing a workable system at the earliest opportunity.
- D8. DARD must liaise with the port and airport authorities and operators to ensure that **a pro-active, on-going programme is in place to encourage incoming passengers to act responsibly** in respect of food imports.
- D9. The UK authorities should be lobbied to ensure that **incoming direct Third Country passenger movements are subject to particular scrutiny and education**.

reducing the incentives and scope for fraud

D10. The opportunity should be taken as soon as possible, and while the memory of FMD is still fresh, to lobby the Irish and UK Governments to raise with the EU Commission the question of animal and plant health protection on Third Country trade and to seek a reappraisal of the control mechanisms that exist.

In every walk of life, there is always a small minority of unscrupulous individuals who are willing to flout rules and risk the reputation and livelihoods of others in the selfish pursuit of personal gain. Government must seek to minimise the incentives and scope for fraud and the industry must be prepared to take a stand in marginalising and driving out those undesirable elements that threaten its future.

The following Recommendations are made to address these issues:-

D11. There must be a willingness on the part of the industry to report any suspected illegal activities in respect of animal movements and subsidy fraud. DARD must facilitate this both by raising awareness of the damage that can be done (both from an animal health viewpoint and in terms of the image portrayed by the Northern Ireland agri-food industry to its major customers) and by encouraging whistleblowing (e.g. by operating a confidential telephone line).

D12. The Group welcomes DARD's plans to adopt a more proactive and higher profile approach to the prevention, detection and punishment of illegal activities in relation to animal health and animal movement violations and subsidy fraud. The resources devoted to this must be significantly enhanced and targeted more accurately based on an assessment of risk. Efforts must be made to increase the level of communication, co-operation and data sharing within DARD and between DARD and other agencies in pursuit of this agenda.

D13. Every effort must be made by DARD to **police rigorously the operation of the Sheep Annual Premium Scheme**. Risk-based inspections by DARD should be spread throughout the 100 day ewe retention period (and those inspected near the start of the inspection period should not be immune from re-inspection later on). Co-ordinated, simultaneous inspections of districts should also be considered.

D14. Every effort should be made by DARD to **encourage enhanced policing by the ROI revenue authorities of their VAT rebate system** with respect to the origin of sheep slaughtered in ROI meat plants.

improving animal traceability and movement controls

Individual animal identification is the only realistic means of achieving the efficient and effective tracking and control of animal movements. A comprehensive animal traceability system offers significant advantages in terms of fraud prevention and allowing animal disease problems to be identified, isolated and brought under control quickly. Moreover, effective traceability throughout the food chain is an increasingly important element in reassuring consumers as to the quality and safety of food.

The following Recommendations are made to address these issues:-

D15. In principle, sheep and pigs in Northern Ireland, like cattle, should be individually identified and their lifetime movements traceable. However, Northern Ireland producers should not suffer a significant cost disadvantage within the context of the British Isles and it would be desirable if a similar approach to this issue could be adopted across the UK and Ireland. Therefore, there needs to be **close co-operation between the Northern Ireland, GB and ROI authorities on at least the broad principles to be applied on this issue, with individual regions then able to operate within this overall framework**.

D16. The Group is in favour of an electronic identification system as being less amenable to interference and easier to operate in a practical situation (see also Recommendation C11, Recommendation D18 and Recommendation I9). There is merit in Northern Ireland awaiting the outcome of the EU deliberations in terms of electronic identification rather than investing heavily in a manual system in the short-term. In the meantime, the existing, flock-based identification system for sheep should be rigorously enforced and DARD should prepare as much groundwork as possible so that it can move quickly to implement an electronic system for sheep when the time is right.

D17. One option that should be explored as an interim measure for sheep is that of individually identifying (by means of an ear tag) breeding stock entered for premia claims, with other stock being identified by an ear tag with the flock number (as present). This would reduce the scope for fraud in SAP claims and, hence, the movement of breeding animals, which present the greatest risk of spreading disease through the sheep population. However, it would allow trade in lower-risk, non-breeding animals with a minimum of bureaucracy until such times as a fully electronic individual identification system was introduced.

D18. While individual identification should be extended to pigs, this is of a lower priority than in the case of sheep and should only be pursued when the EU legal position and the technical problems of pig electronic identification have been fully resolved.

D19. The capacity of the APHIS system needs to be expanded to cope with the additional data arising from identifying and recording the movements of individual sheep (and pigs). DARD needs to explore means of addressing the resourcing issue at an early opportunity (see also Recommendation B10, Recommendation C18, Recommendation C21 and Recommendation I7).

D20. The Group endorses DARD's approach to the issue of a standstill policy (i.e. observing developments in GB, the ROI and the EU and adopting best practice from each). However, it also believes that Northern Ireland should not be left behind and be the only region of the British Isles not operating a policy of this type. Therefore, DARD must be prepared to move quickly to implementation once a workable system has been identified. The Group is sceptical that a practical herd standstill policy is feasible but sees considerable merit in introducing an "individual animal standstill" policy.

D21. Notwithstanding the above, it is recommended that herds importing animals from outside Northern Ireland are subject to a 21 day standstill rule rather than just the individual imported animals.

D22. There is no particular or justifiable reason to implement additional controls on the activities of dealers per se (assuming that a workable definition of a dealer could be devised). Rigorous enforcement of animal welfare and traceability legislation by DARD, which should be applied equally across the entire livestock marketing chain, should be sufficient to drive out the unscrupulous elements without denying others the right to earn a living.

D23. Individual producers must be made aware of the risks to their livelihood of mixing animals from unknown sources with their herds. They must be encouraged to manage these risks and to adopt practices which will not facilitate, or even tolerate, the activities of unscrupulous individuals. They must also be made aware of the penalties for non-compliance with legislation which is for the good of the industry as a whole and be in no doubt that this will be vigorously enforced. There is a significant education role here for DARD and this needs to be resourced and taken forward quickly (see also Recommendation G18).

D24. The other links in the livestock marketing chain also have an obligation to act with utmost integrity, particularly livestock markets, where the mixing of animals and their return to farms creates the potential for very rapid disease spread throughout the livestock population. Legislative controls must be rigorously observed by market and abattoir operators and policed by DARD. There must also be a determination on the part of these operators not to tolerate or facilitate the activities of unscrupulous individuals and to report suspicious transactions to the appropriate authorities as a matter of routine.

strengthening legal instruments and their enforcement

A clear and unambiguous legislative framework in support of animal and plant health policy must be a primary goal for Government. Linked to this is the need for proper enforcement of the legislation. This will provide both the deterrence and the sanction to safeguard the wider interests of the agri-food industry, consumers and taxpayers against the actions of the unscrupulous few.

The following Recommendations are made to address these issues:-

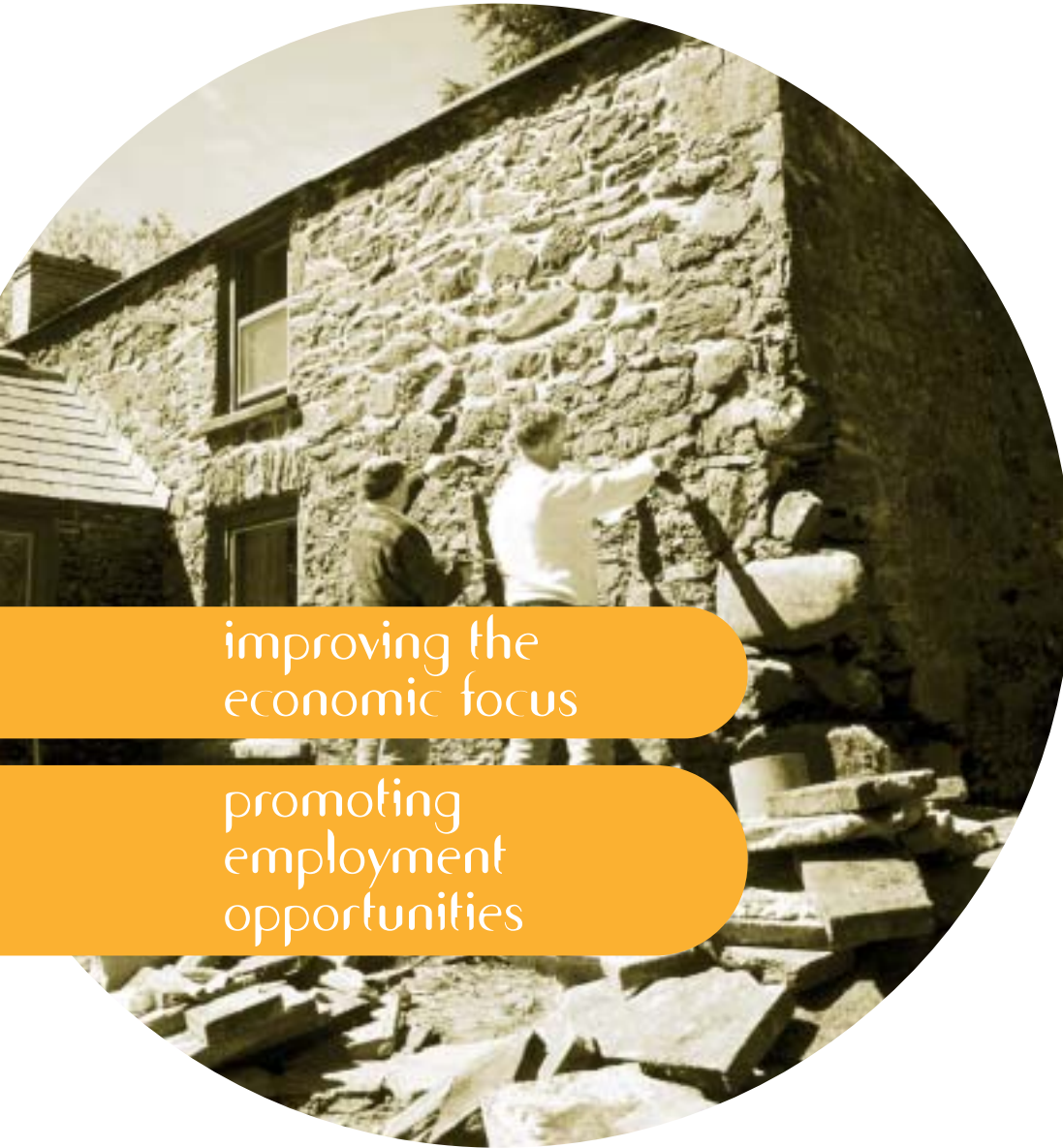
D25. The animal health legislative framework within Northern Ireland must be comprehensively reviewed and reformed (see also Recommendation D1 and Recommendation J8). The aims of this should be to ensure:

- clarity;
- enforceability;
- adequate sanction for wrong-doing; and,
- comprehensive coverage of the livestock chain, including hauliers.

DARD must initiate this process as soon as possible with a view to completing it within three years. DARD must also take the opportunity to review its plant health legislative framework at the same time

D26. In the meantime, DARD must aim to secure the resources it needs to enforce adequately the existing legislation. Enforcement and deterrence should also be afforded a higher profile within the Department (as already outlined above) and DARD should make efforts to encourage the Judiciary to deploy the full range of sanctions available to it when sentencing those convicted of breaches of animal health legislation in order to maximise its deterrence value.

Strengthening the Rural Economy



improving the
economic focus

promoting
employment
opportunities

improving the economic focus

The goal is to seek a healthy economic relationship between agriculture, in a period of change, and the rest of the economy and society and to maintain the social fabric of rural areas by enabling them to sustain populations of sufficient scale to support basic service provision in education, health and transport infrastructure.

The concept of "Rural Proofing", whereby the actions and decisions of all parts of Government are assessed for their rural impact before they are implemented, is essential. It will also be necessary to establish a "Rural Baseline 2001" against which, over time, the effectiveness of Rural Proofing can be measured by changes in the key indices of rural vibrancy.

(The terms of reference for this exercise precluded an examination of DARD's rural development policy, which had already been evaluated and subjected to extensive public consultation in the context of the new Structure Funds programme 2001-2006. However, the following Recommendations should be complimentary to the aims and objectives of DARD's new Rural Development Programme.)

The following Recommendations are made to address these issues:-

- E1. The Northern Ireland Assembly Executive Committee should have an objective of developing a competitive, sustainable agricultural industry in Northern Ireland that is dedicated to high quality, consumer-led production, that encourages all farmers who are willing and able to play their part, underpins the existing family farm structures, provides environmental, conservation and other benefits to society and contributes in full to the rural economy and social infrastructure (see Recommendation J1).
- E2. The Group welcomes the acceptance by the Northern Ireland Assembly Executive Committee of its Recommendation for a cross-cutting, Rural Proofing mechanism whereby the actions and decisions of all parts of Government are assessed for their rural impact before they are implemented. This is now embedded within the Programme for Government.
- E3. A "Rural Baseline 2001" should be established to inform future policy and provide a benchmark against which it will be possible to measure the effectiveness of Rural Proofing.
- E4. The amount of red tape and bureaucracy in relation to the agri-food industry and rural community must be reduced. Government must consider the recommendations of the Better Regulation Task Force and, in particular, the recent report, "Environmental Regulations and Farmers", with a view to implementing those that are applicable to Northern Ireland, specifically including Recommendation 13 (reduced record keeping and data sharing), Recommendation 15 (more effective use of the internet for IACS, etc.) and Recommendation 19 (co-ordinated farm assurance) from that report. (see also Recommendation I5).

- E5. In a similar way, DARD must ensure that it implements its proposals to develop greater co-ordination, communication and efficiency to increase the **ease of access to rural development public funding**.
- E6. Special investment should be encouraged that will help to **create a quality natural resource rural tourism product** in those rural areas with the greatest tourism potential and increase the contribution from tourism to the economy of those areas.
- E7. The Northern Ireland Tourist Board, DARD and stakeholders should establish a **Rural Tourism Advisory Committee** to develop significantly the natural resource tourism industry in Northern Ireland from its present base of low visitor numbers and little infrastructure.
- E8. There should be **better access to information on the Northern Ireland Tourist Board marketing strategy and on grants and other support available** to those interested in providing rural tourism facilities.
- E9. DARD should develop, in association with the Department of Enterprise, Trade and Investment and the Department of the Environment, a strategic approach to the **development of sustainable energy systems at rural community level** (see Recommendation F15).
- E10. Efforts should be made to **maximise the use within Northern Ireland of monies raised from "Green" taxes**, such as the Climate Change Levy (see Recommendation F16).
- E11. Every effort should be made to ensure that the **Research and Development Programme of DARD's Science Service** is sufficiently aligned with industry, educational and environmental needs (see Recommendation H2).
- E12. DARD should broker the production and regular updating of a **user-friendly directory of all forms of support available** to farmers and rural Micro, Small and Medium-sized Enterprises (SMEs). The directory should be available in both electronic and paper formats.

E13. DARD, in consultation with the farming industry, should devise a **better definition of farm household income** which more accurately reflects the real income situation on farms and is more easily compared with income levels in non-farm households.

promoting employment opportunities

The ready availability of alternative employment opportunities outside agriculture will be essential to both the health of the agricultural industry and the viability of rural society as a whole. Pluriactivity will play an increasingly important role in facilitating farmers and their families who wish to retain their farming roots but who will not be able to meet their income aspirations from agriculture alone. Employment opportunities outside agriculture must be amenable to this type of pluriactivity and sectors such as tourism and forestry provide opportunities for employment growth. However, there is also a clear need for re-skilling and up-skilling programmes in rural areas to enable farmers and their families to avail of opportunities that are presented to them.

The following Recommendations are made to address these issues:-

E14. Action needs to be taken via appropriate programmes of **re-skilling and up-skilling to address the issue of underemployment**, which is manifested in certain parts of the agricultural economy.

E15. The Department for Employment and Learning, the Local Enterprise Development Unit, the Training and Employment Agency and all other economic development agencies, in conjunction with employers in rural areas, need both to **co-ordinate their job creation programmes and to refocus their emphasis on the provision of part-time as well as full-time rural employment**.

E16. By 2002/3, DARD, the Department for Employment and Learning, Training and Employment, Further Education Colleges, the Training and Employment Agency and the Department of Enterprise, Trade and Investment should agree, develop and implement **a strategic partnership to meet the re-skilling and employability needs of the rural community** and, subsequently, implement **agreed programmes of education and training** (see Recommendation G21).

- E17. Local economic development agencies must develop a greater interest than hitherto in the development of farm businesses.
- E18. DARD should periodically conduct a strategic analysis of the focus of agricultural education in Northern Ireland to ensure that it continues to meet the industry's needs (see also Recommendation G20).
- E19. DARD should seek to increase the area of farm woodland plantings by extending the period during which annual payments are made under its Woodland Grant Scheme from 15 to 25 years at the mid-term review of the Rural Development Regulation Plan for Northern Ireland (see Recommendation F9).
- E20. There should be no difference in the payments for on-farm tree plantings for LFA and non-LFA land, but in return for the longer term of annual payments, tighter management specifications should be imposed (see Recommendation F10).
- E21. By 2005, DARD should seek to raise awareness and training in woodland management by encouraging the participation by farmers in the activities of forestry societies and offering training opportunities appropriate to farmers (see Recommendation F11).
- E22. In its current Review of Forest Policy, DARD should consider how to encourage the development of new market opportunities and industries to enhance the return from timber and its by-products.
- E23. The Review should also consider the further development of appropriate funding mechanisms to promote broadleaved afforestation for environmental gain and public amenity (see Recommendation F12).
- E24. Means of encouraging the development of agro-forestry in appropriate areas should also be addressed in the Forest Policy Review (see Recommendation F13).
- E25. Opportunities for the growing of crops to provide alternative energy sources should be reviewed under this process as well (see Recommendation F14).

Safeguarding Our Land-Based Heritage and Rural Environment



The goal is to promote the development of an agricultural industry that operates in a way that is both sustainable and environmentally friendly, recognising that the public attitude, increasingly, will not tolerate pollution of rivers, land, etc. with the attendant risks to biodiversity and human wellbeing. All possible steps should be taken to ensure that Northern Ireland's clean, green countryside, with its considerable visual attractiveness and amenity value, is not degraded unintentionally or otherwise by the actions of producers, processors or others. These steps should include measures to address both point source pollution and nutrient enrichment of inland waterways.

In the longer term, climate change could have a significant impact on Northern Ireland agriculture. The Kyoto Protocol demands a significant reduction in greenhouse gas emissions. The UK will pursue this commitment by means of its Climate Change Programme, which includes the Climate Change Levy. However, forestry may also have a positive role to play as a carbon sink, as well as creating benefits in terms of life-quality impacts and biodiversity.

The following Recommendations are made to address these issues:-

- F1. All relevant **environmental legislation and advisory support should be implemented** and all farmers should have access to **adequate, convenient and free environmental training and advice**.
- F2. Enhanced resources should be targeted towards a coherent and ongoing campaign to effect a **reduction of point source pollution on high risk river and lake catchments**. By 2006, 10,000 farms should be provided with an advisory support package in support of this campaign.
- F3. An independent **evaluation of the Erne Catchment Nutrient Management Scheme** should be conducted to determine its suitability for roll-out to other water catchment areas.
- F4. **Nutrient management education and planning** and the responsible use of organic and inorganic fertilisers, with particular reference to phosphates, **should be promoted across Northern Ireland farms**. Nutrient management planning should be implemented on 8,000 intensive farms by 2006.
- F5. An **environmental on-farm capital grant scheme** should be developed to support biodiversity objectives, to help address point source pollution problems and to underpin the creation of a green, clean image for Northern Ireland. The Group welcomes the allocation of funding by DARD to a new Farm Waste Management Scheme and recommends the **early re-opening of the capital enhancement (e-plan) element of the existing agri-environment schemes**.
- F6. **Systems of good farming practice should be promoted and developed across all of Northern Ireland agriculture**, i.e. extended to include farms other than those participating in the LFA Compensatory Allowances Scheme and the agri-environment schemes which will have to apply the principles of good farming practice.
- F7. Structures must be put in place to facilitate the **implementation of the recommendations of the Northern Ireland Biodiversity Strategy**.
- F8. Structures must be put in place to facilitate the **implementation of the recommendations of the Strategic Study of the Northern Ireland Organic Sector**.

- F9. DARD should seek to increase the area of farm woodland plantings by extending the period during which annual payments are made under its Woodland Grant Scheme from 15 to 25 years at the mid-term review of the Rural Development Regulation Plan for Northern Ireland (see Recommendation E19).
- F10. There should be no difference in the payments for on-farm tree plantings for LFA and non-LFA land, but in return for the longer term of annual payments, tighter management specifications should be imposed (see Recommendation E20).
- F11. By 2005, DARD should seek to raise awareness of and training in woodland management by encouraging the participation by farmers in the activities of forestry societies and offering training opportunities appropriate to farmers (see Recommendation E21).
- F12. The current Review of Forest Policy should consider the further development of appropriate funding mechanisms to promote broadleaved afforestation for environmental gain and public amenity (see Recommendation E23).
- F13. Means of encouraging the development of agro-forestry in appropriate areas should also be addressed in the Forest Policy Review (see Recommendation E24).
- F14. Opportunities for the growing of crops to provide alternative energy sources should be reviewed under this process as well (see Recommendation E25).
- F15. DARD should develop, in association with the Department of Enterprise, Trade and Investment and the Department of the Environment, a strategic approach to the development of sustainable energy systems at rural community level (see Recommendation E9).
- F16. Efforts should be made to maximise the use within Northern Ireland of monies raised from "Green" taxes, such as the Climate Change Levy (see Recommendation E10).

Developing People



improving
competitiveness

securing alternative
sources of income

improving competitiveness

The development of international competitiveness will require managers and workers throughout the industry to have the skills, attitudes and values continually to improve their businesses to world class standards. Entrepreneurial flair and business acumen will be essential for success.

There are vast differences in business performance across all parts of the industry. Much of the workforce presently lacks relevant vocational qualifications and there is insufficient emphasis on up-skilling in employment. Serious management skills deficiencies exist in relation to production management, business management, marketing and core skills such as information and communications technology (ICT). Consequently, agri-food and rural businesses have limited capacity to adapt to changing market demands. Since rapid and sustained improvement in attitudes, values and levels of competence is a pre-requisite to increased competitiveness, education and training must have a key role in any strategy for developing the industry.

It is a fact that in the last three years, neither primary producers nor processors have been generating the levels of profits needed to sustain the industry. Northern Ireland companies which have been assessed by the European Quality Model have fallen well short of world class standards. Low levels of investment in ICT, research and development, marketing and exporting raise concerns about our industry's willingness to think strategically and to embrace change.

The wide range of profitability achieved throughout the Northern Ireland agri-food industry suggests a wide range of commercial acumen and management skills from farm to farm and business to business. Most farmer representatives agree that there is often a need for the older generation to give way to younger and better trained individuals.

Many family businesses show a low up-take of Government initiatives and funding and are generally unenthusiastic about training at all levels.

The following recommendations generally apply to all sectors of the agri-food industry, including the equine sector:-

G1. The first key challenge will be to promote 'Lifelong Learning' (continuous personal development) to improve the attitudes, values and competences of people already in the industry who will control agri-food businesses over the next 10 to 15 years. Development of management competence must be a priority as other benefits should flow from application of improved management expertise. **By 2010, all farmers and managers under 50 years of age in the agri-food industry should have an appropriate business qualification.**

G2. To engage and sustain the involvement of managers who are already under pressure, competence development programmes must be easily accessible, address business needs and deliver immediate business advantage. These programmes should be technology based and develop managers by supporting them to **apply best practice in their own businesses.**

- G3. A suite of 'Challenge Programmes' covering all on-farm enterprises should be created for producers to encourage the widespread and faster adoption of appropriate technologies and best production/management practice by businesses.
- G4. Distance learning programmes should be made available for all sectors of the industry to meet the needs of those in remote areas (see also Recommendation I3).
- G5. Building on existing initiatives, by 2005/6, at least 7,500 agri-food businesses should be routinely using Benchmarking Programmes to identify quickly the relative weaknesses in their businesses and determine remedial action (see also Recommendation B7 and Recommendation I6). DARD should broker consultations with industry and service interests to identify a standard methodology and indicators, including environmental indicators.
- G6. By 2003/04, at least 100 'model units' covering all key farm production and diversification areas should be identified and the farmers trained and supported financially to demonstrate best practice and provide mentoring to at least 3,000 other farmers (see also Recommendation B7, Recommendation C9, Recommendation D5 and Recommendation H5). As well as covering all farm types, these model units would cover all farm sizes, including part-time farms. Northern Ireland has some very good farmers who can become 'exemplars of best practice' for others to follow.
- G7. Group-based learning approaches should be adopted where possible to secure the benefits of peer support and help develop an ethos of collaboration and co-operation (see also Recommendation G23 and Recommendation I14). High levels of counselling and mentoring will be required to make a breakthrough. Businesses generally do not appreciate the extent of the change in approach to farming that will be required within individual units and within each sector.

- G8. A substantial investment in ICT training and infrastructure development is needed to improve dramatically the industry's ability to exploit ICT for management, supply chain communication, marketing and competence development. Priority must be given to developing the competence and confidence of farmers to utilise ICT effectively to develop and manage their businesses (see Recommendation I1 for targets).
- G9. The Minister of Agriculture and Rural Development should actively encourage the participation of industry Chief Executives in the activities of the Task Forces (proposed in Recommendation B5). This should increase their vision, confidence, innovation, adaptability and company competitiveness by working with their peers and with experts to solve specific problems. This on-the-job training should be prestigious, practical and non-threatening.
- G10. The needs of food businesses should be addressed via innovative, flexible support programmes. DARD should increasingly bring training to the trainees by making in-house training and consultancy more accessible and affordable.
- G11. DARD should encourage industry to be more outward looking by encouraging the exposure of Chief Executives and senior managers to international training and events.
- G12. DARD should work with other Departments to ensure that all training available to the agri-food industry is of the highest calibre and driven by training needs rather than access to funding.
- G13. DARD should work with other Departments to ensure that all locally educated entrants to the food industry are literate and numerate.
- G14. DARD should work with other Departments to ensure free movement of labour into Northern Ireland, including returnees. Many returnees will have gained valuable experience and skills in leading organisations throughout the world which could be deployed by Northern Ireland businesses and passed to other individuals. It would be useful to have an organisation or database equipped to match them with local companies.

G15. The second key challenge will be to attract young people into the industry and equip them to deal with the challenges they will face (see the range of Recommendations under Assisting Structural Adjustment and Improving Farm Sectoral Performance Theme). Every young person entering the industry should have an **appropriate qualification** compatible with his or her needs and abilities. As well as helping secure the long-term future of the industry, education of new entrants can also help to address specific skills deficiencies, e.g. for agri-food ICT and food marketing specialists, in the short to medium term. **A full suite of full-time and part-time courses must continue to be available for new entrants.**

G16. Future and established managers within production and food processing companies must aspire to be world class by developing themselves to the highest level commensurate with their abilities. The optimum qualification for management is an appropriate technology/management Degree or Higher National Diploma (NVQ Level 4 equivalent). Where this is not possible, a National Diploma or NVQ Level 3 supplemented with 'on-the-job' management training would be a satisfactory alternative. All others should seek to be qualified to at least NVQ Level 2.

G17. All sectors of the agri-food industry need to work together in a more pro-active way to **promote career opportunities within the agri-food sector.**

G18. All education/training programmes arising from the Competitiveness Strategy (proposed in Recommendation J6) **must take account of the concerns of consumers and society** for food safety and traceability, animal welfare and the environment and address deficiencies in common business skills and the prevention and control of animals and plant diseases (see also Recommendation D23).

G19. Based on the outcome of the proposed study to identify the characteristics that underpin business acumen, willingness to change and entrepreneurial flair (see Recommendation H13), measures should be introduced to **encourage an enterprise culture** that responds flexibly to changing consumer demands, including the provision of information and training.

G20. DARD should continue to fund education and training programmes to meet the needs of the agri-food industry. To ensure that the provision continues to meet these needs, a **strategic review of the programmes should be carried out periodically** (see Recommendation E18). Account should be taken of the work of other organisations, such as the

securing alternative sources of income

Food and Drink Training Council, which promote people development initiatives within the industry. Unnecessary overlap, particularly at higher education level, should be avoided. In evolving its course provision and education support arrangements, **DARD should take account of the requirements of the ancillary industry, the service sector and public bodies** for highly skilled staff.

The trend towards part-time farming will continue. Part-time farmers and members of their families face the double challenge of farming successfully while securing supplementary income from non-farming activities.

There is scope for some people to create new income-generating enterprises on the farm, but the realistic option for most people will be to secure complementary or alternative full-time or part-time employment off-farm. Innovative forms of support, including effective re-skilling measures, will be needed to help these people identify and develop the attitudes, values and skills that they will require. Model farm units will play a key role in demonstrating in practical terms how off-farm activity can be combined successfully with part-time farming.

The earlier Recommendations outlined above under this Theme are relevant to helping part-time farmers improve the performance of their farm businesses. The following Recommendations are concerned with stimulating and supporting the generation of supplementary income.

G21. By 2003/03, DARD, the Department for Employment and Learning, the Further Education Colleges, the Training and Employment Agency and the Department of Enterprise, Trade and Investment should agree, develop and implement a **strategic partnership to meet the re-skilling and employability needs** of the rural community and, subsequently, implement agreed **programmes of education and training** (see Recommendation E16).

G22. A 'Multi-skilling' Programme to facilitate pluriactivity for potential new entrants (future successors) to marginal and part-time farm businesses should be delivered on a collaborative basis.

G23. Group development methods and ICT provide cost effective means of supporting the development of part-time farmers and their families. Agencies delivering EU programmes should seek to **engage farming families on small and pluriactive farms in farm business development groups and promote ICT training** (see Recommendation G7 and Recommendation I14).

The Targeting of Research and Development and Technology Transfer



Concerns have been expressed that many Northern Ireland agri-food companies do not take advantage of the considerable Government support available for research and development (R&D), or do not have the staff or the time to invest in R&D or the bureaucracy associated with Government assistance. Concern has also been expressed that a relatively small proportion of expenditure on locally controlled R&D has been focused on industry's development priorities.

Appropriate research and development is essential to the future success of the industry. Locally controlled R&D should be sharply focused on industry's needs. The predominant thrust of a revised research and development programme must be to support the industry in responding to the demands of the international marketplace and in increasing its effectiveness and competitiveness.

The following Recommendations are made to address these issues:-

- H1. A major independent review of research and development related to the agri-food sector should be undertaken. An Advisory Group should be established to identify priorities for research and development and associated technology transfer and the Minister of Agriculture and Rural Development should commission a study entitled "Profitable R&D – Making it Happen". This should take account of the Northern Ireland Economic Council's report "Publicly Funded R&D in Economic Development in Northern Ireland (October 1999)" and Government's reaction to it.
- H2. In the meantime, DARD should ensure that the Research and Development Programme of DARD's Science Service is sufficiently aligned with industry, educational and environmental needs (see Recommendation E11).
- H3. The potential benefits that might accrue from biotechnology research should be assessed as part of the study proposed in Recommendation H1 (see also Recommendation A17).
- H4. DARD, with the support of its Research & Development Advisory Group, should seek to develop greater collaboration with the Republic of Ireland authorities to identify R&D priorities and implement a research and development programme on an all-Ireland basis.
- H5. Changes in dairying should be stimulated and supported through research and development on low cost production systems, grass breeding and livestock breeding/selection, as well as vigorous technology transfer and competence development programmes utilising ICT, benchmarking and model units (see Recommendation C28 and Recommendation G6).
- H6. Given that almost half of the beef cattle produced in Northern Ireland derive from the dairy herd, consideration should be given to research aimed at developing low cost sexed embryo transplants to improve beef quality (see also Recommendation C28 in relation to the use of sexed semen).
- H7. DARD should also assist the beef sector to move forward by adopting ICT and other forms of new technology. In addition, DARD should facilitate technology transfer to ensure that individual businesses improve as a result of research and development (see Recommendation C18 and Recommendation I10).

- H8.** A DARD or EU funded programme, backed up by appropriate research and development, is urgently required to help the **beef sector undertake sustained action to stimulate the production and retention of top quality female replacements from within the suckler herd and to improve the output of Northern Ireland pedigree herds** (see Recommendation C16 for targets).
- H9.** A further priority for research should be the **development of low-cost, grass-based systems for calf rearing and finishing** (see Recommendation C17).
- H10.** Appropriate R&D is required to help the **sheep sector undertake action to stimulate the production and retention of top quality female replacements and to improve the output of Northern Ireland pedigree flocks** (see Recommendation C23).
- H11.** Appropriate R&D is required to help the **sheep sector undertake action to develop and adopt/optmise low-cost, low labour input, environmentally sustainable, grass-based systems of production** in order to compete more effectively as EU support is reduced (see Recommendation C24).
- H12.** There is potential for increased output of **moist grain for use by local ruminant enterprises** seeking to reduce over-wintering costs. There would also be scope for **biomass production and utilisation**. These should be early priorities for research and development and technology transfer (see Recommendation C33).
- H13.** A study should be undertaken **to identify the characteristics that underpin business acumen, willingness to change and entrepreneurial flair** among successful owners and managers of farms and small food businesses (see also Recommendation G19).
- H14.** Northern Ireland producers need to be aware of, and to be able to source freely, technological developments in other countries. While increasing use of the internet by farmers will make global research more accessible to individual farmers, **steps should be taken to close the gap between global research and technology transfer at a local level**. In addition to carrying out its own research programme, the Agricultural Research Institute of Northern Ireland (ARINI) should have the role of facilitating this transfer of global research to Northern Ireland.

Key theme I:

Exploiting the Opportunities Offered by Information and Communications Technology



Information and communications technology affords significant opportunities to improve business management, marketing and competence development. However, the Northern Ireland agri-food sector has, overall, been slow to exploit the potential benefits of ICT. Those companies that are suppliers to the national retailers have had to implement sophisticated IT systems but there appear to be many smaller companies which still make very limited use of ICT. In the technological age, those that do not avail of these opportunities risk becoming marginalised as the “new illiterate”.

The growing purchasing power of the major retailers and the increasing use of interactive “business-to-business” computing solutions make it imperative that Northern Ireland agri-food businesses quickly establish e-commerce strategies where these do not currently exist. E-commerce offers ready access to global market opportunities through e-marketplaces, as well as cost and efficiency gains in the areas of supply and payments.

However, the tremendous opportunities and potential benefits offered by ICT are equally available to our competitors. To secure competitive advantage, Northern Ireland companies will need to be ahead of their competitors in developing strategies to exploit ICT and be very aware of the changes which this will mean to their businesses. Given the pace of technological advance, this will require continual review and investment.

The following Recommendations are made to address these issues:-

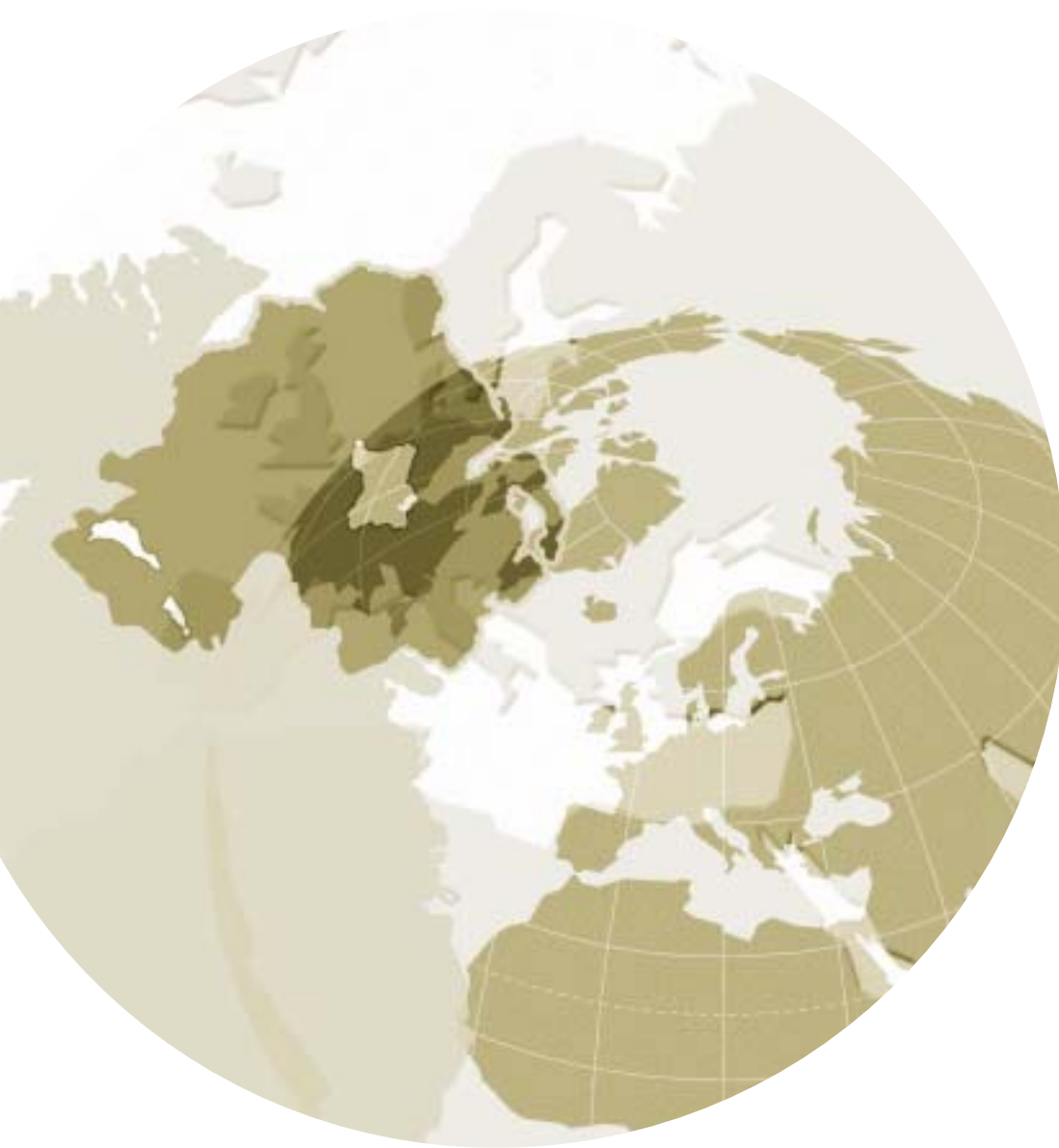
- II. DARD should introduce measures to **increase the level of farmer access to, and encourage greater use by farmers of, ICT**. A short-term target would be to expand by a further **3,000 the number of primary producers** routinely and effectively utilising ICT in their businesses within **three years**, with a medium-term target of a further **2,500 primary producers** within the **following two years. By 2010, all businesses will need to be utilising ICT** (see Recommendation G8).
12. DARD should provide appropriate, **high quality, applied training to help businesses fully utilise effective ICT systems**.
13. Adoption of **IT programmes should underpin appropriate education and training programmes for rural communities**. Any competence development programmes must be easily accessible. **Information and communications technology-based distance learning must be exploited** to meet the special needs of those in **remote areas** (see also Recommendation G4).
14. DARD and the Department of Enterprise, Trade and Investment should build on the existing work of the latter in **promoting the uptake and exploitation of ICT** by companies in the food processing sector and supply chain. This should be geared towards **stimulating and supporting a more rapid development of e-commerce**. Efforts should be made to increase the awareness of the agri-food industry of initiatives such as the e-Business Service of the Department of Enterprise, Trade and Investment, which provides consultancy towards the implementation of pilot e-business programmes. The industry, in turn, must avail of the help that is on offer to it.

15. DARD should **minimise the bureaucracy and regulation** being inflicted on farmers, processors and others in the agri-food industry (see also Recommendation E4) and **introduce efficient ICT-based systems to help industry** comply with regulatory requirements and access Government forms, information and services.
16. DARD should seek to promote the use of **benchmarking facilitated by ICT** as a management tool (see also Recommendation B7 and Recommendation G5).
17. DARD's Animal and Public Health Information System (APHIS) should be further developed to assist with quality monitoring, marketing and other purposes. **APHIS should be developed as a service to the Northern Ireland livestock industry as a whole**, for example, to guide animal production, to enhance marketing propositions, to improve consumer confidence and generally to help the industry to excel against its competitors (see also Recommendation B10, Recommendation C18, Recommendation C21 and Recommendation D19).
18. **Traceability and quality assurance systems** will be increasingly important in the retail food market. There should be **total ICT linkage from producer to processor** within a target time of two to three years to facilitate the creation of **Lifetime Quality Assurance** for all animals born, reared and processed in Northern Ireland within an overall **Unified Farm Quality Assurance Scheme for Northern Ireland** (see Recommendation A27, Recommendation B8 and Recommendation D4).
19. Northern Ireland should aim to regain and maintain a marketing advantage in terms of livestock traceability and should continually be looking at systems that are more cost effective in achieving this objective. DARD should **introduce a system of electronic individual identification of livestock** in Northern Ireland as soon as the EU has agreed a common approach and any outstanding technical issues have been resolved. In addition, the Department should progress **a traceability system based on genetic finger printing or any alternative technology** which delivers similar advantages (see also Recommendation C11, Recommendation D16 and Recommendation D18).

- II0. DARD should also assist the beef sector to move forward by adopting ICT and other forms of new technology (see Recommendation C18 and Recommendation H7).
- III. Information and communications technology will open up new markets. Producers and processors selling niche products could have a global market available. DARD should support those interested in exploiting the opportunities in this market through the provision of effective information and training.
- II2. An internet trading platform for Northern Ireland producers and processors should be developed using the latest internet exchange technology. This would be an important stepping stone towards contractual relationships (see Recommendation B11).
- II3. The internet should be used creatively, where appropriate, to generate a positive image for Northern Ireland agri-food products with consumers and trade buyers, backed up by details of quality assurance, traceability, dietary and health specifications, etc. Hyperlinks should be built into the sites of Northern Ireland producers and processors. Where appropriate, this should co-ordinate with the complementary project being undertaken by the Northern Ireland Food and Drink Association and funded by the Information Age Initiative (see Recommendation A10).
- II4. Group development methods and ICT provide cost effective means of supporting the development of part-time farmers and their families. Agencies delivering EU programmes should seek to engage farming families on small and pluriactive farms in farm business development groups and promote ICT training (see Recommendation G7 and Recommendation G23).

Key theme J:

Furthering the Interests of Northern Ireland



Many of the key policies and programmes that will influence the structure and viability of the Northern Ireland agri-food industry in the next decade will be decided in Europe and Westminster. Northern Ireland is a very small part of Europe, but the Northern Ireland agri-food industry must participate to the fullest extent possible in all strategic decisions that are fundamental to its future wellbeing. Devolution must not create isolation.

The following Recommendations are made to address these issues:-

- J1.** The Northern Ireland Assembly Executive Committee should have an objective of developing a competitive, sustainable agricultural industry in Northern Ireland that is dedicated to high quality, consumer-led production, that encourages all farmers who are willing and able to play their part, underpins the existing family farm structures, provides environmental, conservation and other benefits to society and contributes in full to the rural economy and social infrastructure (see Recommendation E1).

- J2. Public representatives at all levels (Westminster MPs, MEPs, MLAs, and Northern Ireland Ministers) and industry representatives must **make stronger alliances and exert greater influence** in furthering the interests of the Northern Ireland agri-food industry and rural communities and in ensuring the operation of a level playing field in the development and application of policy. In particular, there must be **greater influence exerted in the framing of EU, national and Northern Ireland policies and programmes and a stronger voice regarding the devastating effects of a weak euro/sterling rate.**
- J3. In particular, there should be more **long-term secondments of DARD and Department of Enterprise, Trade and Investment officials and industry representatives to offices and agencies in Brussels and Westminster** to provide unified and effective lobbying for the industry, to improve feed-back using the internet and to secure a reduction in red tape and bureaucracy.
- J4. On the specific issue of currency, the Minister of Agriculture and Rural Development and others should **lobby for the full payment of all remaining agri-money compensation.** They should also seek to retain, for as long as the UK remains outside the European Economic and Monetary Union (EMU), **the agri-money system or its equivalent (including any necessary transitional compensation following the UK's entry to the EMU).**
- J5. One of the highest priorities must be to **secure a relaxation of the export restrictions** that effectively bar Northern Ireland beef from export markets. This will facilitate a diversified marketing strategy which is essential for the long-term development of the beef sector (see Recommendation C14).
- J6. The Minister of Agriculture and Rural Development, the Minister of Enterprise, Trade and Investment and a Steering Group comprising key industry leaders should **agree and commit to a Strategic Plan for the Development of Competitiveness**, following consultation period after the publication of this Report (see also Recommendation G18).

- J7. The Minister of Agriculture and Rural Development should act jointly with the Republic of Ireland Agriculture Minister to try to ensure that any outcome of negotiations relating to major external issues does not distort trade on the island of Ireland or result in a comparative disadvantage to Northern Ireland.
- J8. There are increasing risks to animal and plant health arising from the globalisation of food sourcing, with the potential for major economic impact. The recent outbreak of foot and mouth disease was only one such example. Northern Ireland's current disease control arrangements may need to become stricter to minimise the risks from global sourcing. In addition, Northern Ireland needs to be adequately prepared and resourced for crisis management, with comprehensive plans for cross-Departmental and inter-agency co-operation (which played such a vital role in minimising the outbreak of foot and mouth disease in Northern Ireland). The Minister of Agriculture and Rural Development should conduct a review of animal and plant disease controls (see also Recommendation C30, Recommendation D1 and Recommendation D25) and should act jointly with her Republic of Ireland counterpart to consider stricter controls on an island of Ireland basis where possible (see Recommendation D2).
- J9. Industry organisations should formally liaise with their GB, Republic of Ireland and European counterparts to ensure that Northern Ireland's views are reflected in the activities of all relevant lobby groups.
- J10. The Minister of Agriculture and Rural Development should conduct and publish on the internet an annual review of all Government support measures for the Northern Ireland agri-food industry to ensure that local support measures offered in Northern Ireland are broadly comparable with those offered in GB, the Republic of Ireland and each mainland EU country. Unused funding allocations should also be highlighted.
- J11. DARD should regularly publicise the results of all relevant economic modelling analyses to interested parties in the industry.

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Terms of Reference

Taking account of the CAP and UK policies, particularly the Action Plan announced at the Downing Street Summit, and potential challenges arising from a new WTO Round and EU enlargement:-

- » to identify the problems, and opportunities, in the rural economy over the next decade;
- » informed by that, to develop a Vision for the agri-food industry to enable the industry to map out a strategy to meet that Vision.