

**REVIEW OF SUPPORT ARRANGEMENTS TO
THE NORTHERN IRELAND POTATO SECTOR**

A POLICY PAPER

**DEPARTMENT OF AGRICULTURE AND RURAL
DEVELOPMENT**

NOVEMBER 2005

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Foreword

The production of potatoes has been synonymous with Northern Ireland for a very long time, and potato farmers should rightly be proud of the well-deserved reputation they have earned for the quality of their output and particularly the skills demonstrated in the development of new varieties.

However it is clear that the sector has been in decline for some time. The reasons for this are many, but rather than analysing why things have gone wrong, I believe it is more important for the industry, in partnership with government, to seek to redress this decline and create a sustainable future for itself.

There is clearly an opportunity for the potato sector to examine its current structure and make the changes needed in order to capitalise on the marketing potential that development of unique varieties of high health status and quality could offer.

This policy paper, and the findings of the consultant's report which underpin it, are therefore timely. I would strongly urge all who have a stake in the industry's future to give these proposals serious consideration and provide my officials with comprehensive and constructive responses.

Jeff Rooker

Section 1 – Background to the Review

1.1 The potato production sector in Northern Ireland comprises the seed potato and the ware (or table) potato sub-sectors. In financial terms the total value of the sector in 2004 was estimated at approximately £21.3 million (the seed sub-sector accounting for approximately £3.1m and the ware sub-sector approximately £18.3m), which represented 1.66% of total agricultural output in Northern Ireland.

1.2 The sector has suffered over the last fifteen years, mainly as a result of changes in marketing arrangements, consumer demand and increased competition. This has had an adverse impact particularly on the seed sub-sector, which has experienced a significant reduction in the land area under production (from 4,200 hectares in 1990 to 806 ha in 2005)*. The ware sub-sector has experienced a less dramatic decline (from 6,600 ha in 1990 to 4,185 ha in 2005)*.

1.3 In light of these changes Ian Pearson MP, the then DARD Minister, agreed in September 2004 that DARD should undertake a comprehensive review of the sector, with particular emphasis on the impact of the services presently delivered by the Department, so that proposals on how the Department could best focus its resources with regard to future support could be developed. To date, such services have covered policy development, statutory services, provision of advice, educational opportunity, research and development projects,

* provisional outturn figure

technical assistance and financial support. The cost of these services in 2004 (in staff salary terms only, i.e. not taking account of buildings, overheads, opportunity costs etc) was estimated at approximately £1.22 million, with a disproportionate amount of this service thought to be provided to the seed sub-sector relative to its value. A more detailed breakdown of current service provision and associated costs is given at Annex 1.

1.4 To assist with the review it was decided to commission consultants to conduct an independent, in-depth examination of the current DARD support arrangements to the potato sector. The Terms of Reference for the independent review were prepared with input from various DARD Divisions and InvestNI and a joint DARD/InvestNI steering group was established to oversee the project. The contract to undertake the review was awarded to Peter Quinn Consultancy services in December 2004. The Terms of Reference for the review are attached at Annex 2.

1.5 During the course of the review the consultant met with a range of DARD personnel, industry representative bodies in both NI and RoI, and various stakeholders in the seed and ware sectors including producers, merchants, packers and processors.

1.6 The Department received the final Report of the review in September 2005. The Report contains 16 Recommendations designed to inform the policy on future DARD support services.

Whilst the recommendations are mainly for Government to consider, many are also aimed at the sector itself.

1.7 A copy of the Executive Summary of the Quinn Report is enclosed at Annex 3 and the full report is available on the DARD website at www.dardni.gov.uk/consultations. Copies of the full Report are being issued with this policy paper to the following key stakeholders in the sector:-

- Ulster Farmers' Union
- Northern Ireland Potato Merchants Association
- Bridgend Mini-Tubers
- Glens of Antrim
- Wilson's Country
- Fane Valley
- Derek Shaw, chairman of the NI Potato Industry Stakeholder Forum
- MBM

1.8 Hard copies are also available on request by contacting John Magee at the address provided at Section 4.

Section 2 – Future support arrangements

2.1 Informed by the Quinn Review, the Department has developed proposals for future support to the sector. Taking the lead from DARD's proposed Strategic Aims (DARD draft Strategic Plan 2006-2011), these proposals are grouped around the themes of:

- i. improving performance in the market place;
- ii. development of a strategic breeding programme;
- iii. enhancing plant health; and
- iv. educational provision.

(i) Improving performance in the market place

2.2 The Quinn Report comments that:-

“the development of the potato sector in Northern Ireland has been hampered by a deficit in marketing skills and inadequate investment in marketing...” (para 3.3 et seq); and

“[there is an] absence of a market focus and of adequate emphasis on an integrated approach to supply chain management, largely as a result of the loss of contact with customers and of failed systems for securing feedback from the market...” (para 4.3).

2.3 It is DARD's view that the chief responsibility for the marketing and promotion of any commodity product, including potatoes, lies with the industry itself. Government's role is to support

industry-led initiatives by equipping farmers to produce profitably in line with market requirements and make the most of marketing opportunities.

2.4 DARD already provides expert advice on supply chain development and marketing and promotion to those who wish to avail of support. Supply Chain Development Branch, together with Invest NI are able to advise companies on marketing, promotion, the benefits of improved collaboration and integration, and the potential of forging cross-border links. Joint operations between An Bord Bia and relevant agencies in NI for an island-wide approach to the promotion and marketing of food products also exist.

2.5 More recently, the Food Strategy Implementation Partnership (FSIP) has been established with the remit of developing supply chains, innovation and marketing initiatives in response to the Fit For Market report. There is currently a group within FSIP looking at food promotion in general, both domestically and internationally. Whilst this group is still at the information gathering stage, DARD notes that the potato sector, through the NI Potato Industry Forum, is already engaged with this work and are developing proposals on undertaking market analysis.

2.6 It is proposed, therefore, that DARD continues to focus resources on the provision of strategic planning, marketing and promotional skills development and capacity building in response to the needs identified by

the industry. In doing so, DARD will ensure that activities undertaken are consistent with any initiatives pioneered by the FSIP and related activities.

2.7 In addition, DARD also manages the European Union's Marketing of Quality Agricultural Products Grant Scheme. This scheme provides non-capital support for innovative projects seeking to encourage greater integration and collaboration between producers, to produce and market quality products. Grant is normally paid at a rate of 50% of actual costs on items approved for support subject to a maximum of £150,000. The Scheme is open to applications from a wide range of those engaged in the marketing of the produce of agriculture or of products derived from such produce, including groups of collaborating producers, food processors or manufacturers and trade associations or industry bodies.

2.8 The 2000-2006 Scheme has had a low uptake with only 15 projects awarded grant thus far, only one of which related to the potato sector. Reasons given by interested parties for the limited uptake include difficulties for farmers groups acquiring the match funding, complicated and time consuming application process, the bureaucracy involved in entire process and difficulties in matching all of the criteria imposed by the Scheme guidelines.

2.9 There is clearly scope for the potato sector to utilise this existing source of funding. Given the low uptake to date, **DARD would propose to provide further information on the**

scheme to potato stakeholder groups and individuals, highlighting best practice through describing the range of projects that have been supported in other agri-food sectors.

2.10 Quinn recommends (recommendations 5, 6 and 15) that DARD should pursue with the authorities in the Republic of Ireland the scope for further all-island co-operation on marketing and promotion. **DARD accepts this, and proposes to build on the existing arrangements between DARD, InvestNI, the Department of Agriculture and Food (DAF) and Bord Bia to further encourage industry co-operation.**

2.11 In addition, **DARD proposes to engage with InterTradelreland, the body set up to exchange information and co-ordinate work on trade, business development and related matters in areas where the two administrations agree it would be in their mutual interest.**

2.12 The Department also accepts the view (Quinn recommendation 7) that in order for the seed potato sub-sector in particular to survive and expand there is a need to further develop marketing and distribution partnerships with major European players. DARD notes that Food From Britain has recently been appointed under the Fit For Market report to provide expert services to all companies wishing to sell more of their products in international markets or to break into those markets for the first time.

2.13 In line with the proposal at paragraph 2.6, DARD will seek to assist the industry with the skills required to build such partnerships. In practical terms, key DARD staff will continue to assist, resources permitting, by attending overseas trade missions etc, such as the support given at the 2005 Potato Exhibition at Emmeloord, Netherlands. The industry should also encourage greater stakeholder participation in future programmes that focus on the development of best practice in national and international seed and ware potato supply chains.

2.14 In summary, DARD proposes that future support will be in direct response to industry led initiatives that are market led and focus on the sustainable development of strategic marketing alliances with international partners in the seed potato industry. Within the domestic markets support will be targeted at assisting industry led initiatives that focus primarily on farmer/producer groups developing enhanced communication systems, with the aim of encouraging greater collaboration and integration within the supply chain.

(ii) Development of a Strategic Breeding Programme

2.15 The Quinn report identifies “the need for new varieties...is deemed to be critical to the [potato] sector’s future...” (para 1.12.1)

2.16 Quinn devotes considerable space in his report to the provision by DARD of a strategic potato variety breeding programme. This is work that is currently carried out by DARD

Science Service staff at the potato breeding station at Loughgall. Quinn emphasizes the high regard in which this work is held by the potato sector. However he also acknowledges that the cost of providing this service – approximately £250,000 per year – is high relative to the value of the sector.

2.17 Quinn has developed and assessed a number of options for the future of a strategic breeding programme and makes a number of specific recommendations on this. DARD accepts Quinn's analysis and the broad thrust of the Recommendations 1-4, 7 and 14.

2.18 On Recommendation 1 ("The NIHPBS at Loughgall...should negotiate commercially-focussed contracts with a number of organisations (instead of a single main contract)...so that a realistically feasible number of varieties is produced for potential commercial multiplication under each contract, by the seventh or eighth year after initial crossing"), **DARD proposes to consider more than one new breeding contract.** However, as the Department's resources are finite, the totality of work is unlikely to exceed current levels.

2.19 On Recommendation 2 ("In negotiating contracts with potential commercial partners, NIHPBS...should ensure that most of its breeding work will be focussed on the British, Irish and European markets"), **DARD proposes that any new programme(s) be focussed on these markets.**

2.20 On Recommendation 3 ("As part of its contract negotiations with any potential partner, NIHPBS...should try to ensure that

such a partner has sufficient networks and resources to exploit fully the potential of any new variety and to support it with the necessary marketing investment; it should also try to ensure that the possibility of multiplication in Northern Ireland was not being precluded by the commercial partner, even if any particular variety was to be made available to a select number of trusted growers only”), **DARD will require any new potato breeding partner(s) to fully exploit the potential of DARD varieties and to provide the necessary networks and resources to market these varieties. DARD will normally insist that multiplication takes place in Northern Ireland and will only permit multiplication to take place outside Northern Ireland by prior written agreement.**

2.21 On Recommendation 4 (“DARD should continue to support an element of strategic breeding at Loughgall...but DARD’s contribution to any strategic component of Loughgall’s potato-breeding activities should reduce progressively over time, starting at 80% of the cost of Loughgall’s potato-breeding programme in 2006 and reducing by 10% per annum over the following five years; if by the end of 2010, the programme is not generating enough commercial revenue to cover at least 45% of its costs, the programme’s performance and future, and the contributions (both monetary and non-monetary) of the individual commercial partners, should be reviewed afresh by DARD”), DARD agrees to the principle that any future commercial breeding contract(s) should be on the basis of greater cost recovery.

2.22 "Strategic breeding" provides parental material with novel disease resistance. The strategic breeding programme is not designed to produce finished, commercial varieties but to produce parents with innovative attributes for use in commercial breeding programmes. In this respect, it is difficult to quantify its value in monetary terms, and, because of its long-term/capital intensive nature, unlikely to be carried out by the industry. Therefore, **DARD proposes, in line with the recommendations at paras 2.18 to 2.20 above, to continue to fund research into new sources of disease resistance to enable new varieties produced for Loughgall's commercial partners and local private breeders to be competitive.**

2.23 DARD will expect high standards of agronomy to be used in the production of seed and mini tubers. DARD agrees that high standards of agronomy should be used in the production of seed and mini tubers and **we propose to include this requirement in both the application/competition criteria and in any subsequent contract.**

2.24 DARD accepts the views expressed in Recommendation 7 on the sector's need to further develop marketing and distribution partnerships with major European players. DARD recognises the benefits that would occur if Northern Ireland merchants/growers gained further access to varieties bred outside Northern Ireland for seed production. We also recognise the benefits of breeders in Northern Ireland having

contacts with European companies to enable marketing and seed sales of these varieties in Europe and elsewhere.

2.25 DARD fully supports the principle outlined at recommendation 14 (“any potentially successful new varieties emanating from the strategic breeding programme...will be complemented by adequate marketing, even if that were to involve the sale of some specific varieties to private sector businesses with the requisite marketing skills and financial resources”) and the need to maximise the marketing opportunities for DARD commercial varieties, as set out above.

2.26 In summary, DARD recognises the cogent case put forward by Quinn for the future provision of a plant breeding programme at Loughgall. Whilst DARD is prepared to contribute to funding a programme for a limited period, the situation will be reviewed after five years in line with the Quinn Report’s recommendations. In recognition of the strong inclusivity theme in the Quinn Report, DARD is keen to encourage co-operation from across the industry and would, for example, encourage applications from consortia in due course.

2.27 DARD invites expressions of interest from potential industry partners in advance of a more formal application/competition process. We would also be interested to hear the industry’s views on the

2.30 However, DARD will continue to work closely with the potato sector on maintaining high plant health status. DARD contends that it is vital that the industry itself, through the adoption of good practices, remains in the vanguard of disease prevention. DARD will support this through technical assistance and will seek to work with the industry on practical initiatives.

2.31 DARD accepts that it would be useful to pursue the potential for greater co-operation and economies of operation with DAF, the need for which is identified by Quinn in Recommendation 5. As a consequence of a joint communiqué agreed by the North / South Ministerial Council in 2002, an effective cross-border co-operation structure involving key DARD and DAF officials already exists to develop and co-ordinate effective actions in the area of research and development and policy on plant health, including potatoes. Since its establishment, three formal meetings of this Liaison Group have taken place and there is also regular liaison at sub group level on specific issues of common interest relative to serious plant health issues such as potato Ring Rot and Brown Rot. It should also be noted that there is further co-operation between DARD and DAF in terms of sampling for example testing for Potato Cyst Nematode. DARD will consider if there is scope for this to be expanded into other areas. **It is proposed, therefore, that DARD will explore with DAF further opportunities for mutual co-operation on plant health and disease prevention.** From DARD's perspective, this will be addressed through existing plans to develop a Plant Health Strategy.

(iv) Educational provision

2.32 DARD currently provides a range of programmes, available through CAFRE, to develop the knowledge, skills and values of people within the agricultural industry including those in the potato sector. These programmes aim to develop the key competences of those within the industry and address their professional development needs by equipping them to develop successful businesses in an increasingly competitive environment.

2.33 CAFRE have developed a range of benchmarking tools for farmers and growers to provide participants with a standardised method of comparing their business with other similar businesses and, with the support of CAFRE, set and monitor realistic targets for the development of their business. There has also been significant investment in demonstrating the application of new technology and assisting with the adoption of these technologies within agricultural businesses. A wide range of courses are provided to meet competency development needs of the wider agricultural sector, for example the 'Access to ICT' Scheme and 'Walk the Supply Chain' programme. Whilst these are generic programmes there is a specific 'Potato Challenge' programme providing growers with an opportunity to learn through applying new ideas in their business. This programme helps participants to meet a specific business objective through a supported

learning environment encompassing workshops, visits to focus farms/business units, mentoring and quality learning materials.

2.34 Quinn has suggested that there is a need to encourage increased use of these industry training programmes and the Department's expertise in agronomy, bench-marking, supply chain development and management, marketing and technology transfer, particularly among those groups Quinn suggests the Department should concentrate its support (Recommendations 8 and 12). DARD does not accept that these development opportunities should be limited to a small proportion of growers, but rather be tailored to the needs of all those within the industry. The Department acknowledges that there is a need to monitor more closely the benefits accruing to those who participate in these programmes or who avail of such support, and to refocus the delivery of such services accordingly. **It is proposed that this will be examined further with a view to following-up those who partake in such courses and identifying the benefits accrued.**

Section 3 - other issues

(i) DARD staffing levels

3.1 As indicated in section 1, the potato production sector in NI has experienced, and is continuing to experience, significant decline both in terms of land area under production and output. Given this decline it is clear that the volume of statutory inspection, certification and classification services has also needed to reduce, and this has been the case for a number of years. However, the Quinn Report highlights the further scope for reducing the number of “potato inspectors”.

3.2 Statutory services are mainly provided by the crop inspectorate within **Quality Assurance Branch**. Although a number of staff within QAB conduct “potato inspections” in reality this work forms only part of each individuals responsibilities; other duties include plant health inspections and surveys, cereal seed certification, bee health and noxious weeds inspections.

3.3 The Department accepts Quinn’s recommendation 10 and **proposes to reduce the current staffing cohort devoted to the sector (approximately 12 person-years) by 20% (to approximately 10 person years) by the end of 2007**. In real terms this will mean that 10 inspectors will have responsibility for potato-related work.

3.4 In accepting and acting upon this recommendation, DARD will ensure that the quality and timeliness of service provision is

maintained. It must however be noted that the proposed reduction in staff may have a significant impact upon the discretionary services provided by the Department. For example non-statutory soil sampling tests and other discretionary services may be streamlined or possibly even discontinued as the staffing cohort and expenditure is reduced.

3.5 Quinn makes further reference to the scope for DARD to reduce staffing levels at recommendations 11 (review of scientific services) and 12 (reduction in resources related to industry failure to avail of DARD expertise). DARD do not propose any specific staff reductions at this time, though these may well occur if other proposals contained in this paper are developed. DARD is also acutely aware of continuing pressures on its finite resources across all the range of its activities, and the need to find considerable staff savings over the next few years. Clearly those parts of DARD which provides services to the potato sector will not be immune to these reductions.

3.6 The Quinn Report summarises the range of non-statutory services, including research and development, provided by the **Science Service** (para 2.17.2 et seq). Provision of these services is centred at the science laboratories at Newforge Lane, though R&D services related to breeding and variety testing are also undertaken by the Science Service at its Loughgall and Crossnacreevy sites.

3.7 Quinn also highlights (para 5.5) that the cost of overall expenditure on potato-related R&D is high, and there is opportunity for DARD to secure some reduction in costs. However, much of this R&D provides underpinning evidence to support essential statutory work.

3.8 Quinn at Recommendation 11 calls for a review of the need for and cost of such services. At present, the Science Service is operating in shadow form as the Agri Food Biosciences Institute (AFBI), a new Non-Departmental Government Body, with full transfer of responsibilities scheduled to be in place by April 2006.

3.9 One likely outcome of this transfer will be the need, in time, for AFBI to recoup in part the costs of the various services it provides. There is an expectation therefore that DARD funding of R&D programmes will, in due course, be reviewed in partnership with AFBI and the Research and Educational Advisory Panel (REAP), with a view to ensuring a better focus on the needs and aspirations of the industry and other stakeholders. It is not proposed therefore that DARD policy commission a separate review at this time.

(ii) Other research and development

3.10 DARD currently supports research and development initiatives in relation to food products through food technology and supply management programmes at CAFRE, Loughry Campus. These programmes include the development,

production, quality management and packaging of food products from raw materials. As identified by Quinn, consumer demand is changing as potatoes are no longer seen as being a convenience food and Quinn highlights (Recommendation 13) the need for research into how to extend the shelf-life of potatoes and potato-based products. **DARD proposes to consider initiating this research through the various programmes already in existence in CAFRE / Science Service.** For this to be successful however there is a need for stakeholders within the industry to partake in and utilise such research programmes and take advantage of the opportunities available to them.

(iii) Targeting of DARD resources

3.11 Quinn Recommendation 8 suggests that future non-statutory DARD support arrangements should be targeted at discrete parts of the seed and ware sectors. This is superficially attractive, and DARD accepts the reasoning behind Quinn's assertion. It is clearly more productive for DARD to support and respond to those in the industry who can demonstrate innovation, professionalism, and whose efforts contribute significantly to job and wealth creation. However, DARD is very mindful of its wider obligations under equality legislation to provide an equitable service and therefore **does not propose to accept this recommendation.** That said, DARD recognises that inevitably it will be the cohort of professional growers identified by Quinn who will be best placed and

motivated to avail of the services proposed elsewhere in this policy paper.

(iv) Seed potato levy

3.12 Since the mid 1980's, seed potato growers and merchants have paid a statutory levy on seed potatoes certified and exported into the Seed Potato Levy Fund, which is managed by DARD. The Fund was then transferred to Seed Potato Promotions Ltd, a limited company created to expend levy funds on various promotional and marketing activities until its demise in 2002. In common with the overall downward trend in the sector, however, the value of the Fund has diminished in real terms. The rate of levy has remained static since the late 1980's.

3.13 A previous review of these arrangements in 2001 (the Logan Boyd Review) found no consensus for options for future levy arrangements, and in 2003 DARD established as a voluntary body the Seed Potato Liaison Group (SPLG) to advise the Department on issues relating to the sector, and to make recommendations on the spending of levy money.

3.14 Quinn comments that:

“the current potato levy does not generate enough money to finance the creation of a regional brand and there is a widely-held view that the costs of collection must be as great as the

entire revenue being generated... the levy is perceived as being largely a waste of money”

and Recommendation 9 calls on DARD to review the current levy scheme.

3.15 In recent years the Department has been criticised by levy growers who have questioned its value and use and, in some cases, individuals have initially refused to pay it.

3.16 The total levy collected in the 2004/05 growing season was just under £19,000, and it is estimated that the cost to DARD of its administration (collection, account management, support to SPLG, processing of applications and payments etc) is in the region of £10,000 per annum.

3.17 It is considered that the amount of levy collected has now fallen below a level whereby its expenditure can have meaningful and significant positive impact on the sector's future. In reaching this conclusion, the Department has been mindful of the significant efforts made by SPLG to encourage responsible use of levy funds, but it is felt that there are inherent difficulties in SPLG's role as both advisory body to DARD on levy expenditure and as the body which also seeks to undertake various promotional activities. The Department has also been mindful that respondents to the consultation on the 2001 review saw no opportunity to increase the rate of levy, nor was there any enthusiasm to extend levy arrangements to the ware sector.

3.18 DARD therefore proposes to cease collecting statutory seed potato levy from the 2005/06 season. DARD will seek to work with SPLG to expend the residual balance of the levy fund in a way consistent with the purposes for which the levy was collected.

(v) Co-ordination of DARD support services

3.19 At present the Department's support to the potato sector can be divided into three broad groupings – Policy, Service Delivery (which includes statutory, educational, and supply chain support) and science support. Differing responsibilities towards the potato sector are split between various branches including Farm Policy Branch, Environmental Policy Branch, Food Policy Branch, Quality Assurance Branch, Applied Plant Science Division, Supply Chain Development Branch, and CAFRE. The Department is satisfied that there is already a high level of liaison and co-ordination between the various branches within DARD.

3.20 However, Quinn comments that the totality of DARD services to the sector:

“is spread over a very wide range of different delivery entities...real and realistic co-ordination has to be difficult...nevertheless there is a need for greater co-ordination...” (para 5.8 et seq).

3.21 Quinn proposes (Recommendation 16) that an assessment should be made of appointing a person to co-ordinate the delivery of services to the sector. DARD will consider this in due course; there is clear opportunity to better co-ordinate the policy and legislative lead that is currently divided between three policy branches. However, in its consideration, DARD will take account of existing mechanisms for co-ordinating support to other commodities, and will aim to utilise already established or proposed arrangements for plant health and R&D provision, particularly in light of the new DARD/AFBI relationship.

3.22 Account will also be taken of recent restructuring of the Department, which was implemented to provide a clearer customer focus and a distinct separation between policy development and service delivery. Inevitably, though, any restructuring can only be undertaken in light of availability of suitable resources, and will be predicated on the need to achieve maximised effectiveness of support provided.

3.23 DARD will also consider the opportunity provided by whatever service co-ordination arrangements are put in place to address the terms of Quinn recommendation 12 that relate to the setting of five-year performance targets. DARD would welcome, however, similar efforts on the part of the industry to set meaningful and realistic targets for its actions over the next five years.

(vi) DARD and potato sector interfaces

3.24 Quinn does not comment specifically on the working relationships between DARD and the industry, either at grower/merchant level or through the various industry representative groups.

3.25 The Department contends that relationships are generally good. Inspectorate presence on-farm, coupled with meetings at technical, science and policy level has ensured regular on-going dialogue on a wide range of issues. It is fair to say that some issues, such as charges for DARD inspection services, setting of "burn down" dates etc have proved contentious. DARD would maintain that despite this, it has always remained willing and available to meet and discuss proposals, and would propose to continue this policy. However, at representational level there is clearly overlap in membership of some of the bodies with whom DARD co-operates, and it could prove more effective if a single industry body emerged with whom DARD could formally liaise on matters of mutual interest. DARD welcomes the recent formation of the NI Potato Industry Forum, and will explore the opportunity for that Forum, as it matures, to take on an increasingly representative role. In doing so, DARD will respect the right of separate groupings to interface with the Department but will encourage better co-ordination of this.

Section 4 – Further information and consultation details

The Department of Agriculture and Rural Development has published this consultation paper in order to seek views on the proposals contained therein. DARD has developed the policy proposals in light of the economic and statistical evidence available on the potato sector's decline, and on the findings of the Quinn Report. The proposals have been developed with due regard to wider government policy and take account of the value for money and affordability of service provision over the longer term.

Your views on the proposals contained within this paper would be most welcome. We will acknowledge receipt of responses but cannot undertake to respond in detail to all issues raised.

Your written response should be sent to:

John Magee
Department of Agriculture and Rural Development
Farm Policy Branch
Room 916
Dundonald House
Upper Newtownards Road
BELFAST
BT4 3SB

As an alternative we would encourage you to e-mail responses to:

John.Magee@dardni.gov.uk

DARD would prefer that expressions of interest from potential future partner(s) in a plant breeding programme be made separately to responses to the policy paper, to the address above.

Should you require any further information please contact 028 9052 0836

The closing date for responses to the consultation is 6 February 2006

In line with DARD policy of openness, at the end of the consultation period we intend to make copies of the comments received available on request. We will assume that your response may be made available unless you indicate clearly in the body of your response that you wish all or part of it to be excluded from this arrangement.

The Data Protection Act: Information provided by the respondents to this consultation exercise will be held and used for the purposes of the administration of this current exercise.

The Freedom of Information Act gives the public a right to access any information held by a public authority, namely, the Department in this case. This right of access to information includes information provided in response to a consultation. The Department cannot automatically consider as confidential

information supplied to it in response to a consultation. However, it does have the responsibility to decide whether any information provided by you in response to this consultation including information about your identity, should be made public or be treated as confidential. If you do not wish information about your identity to be made public please include an explanation in your response.

This means that information provided by you in response to the consultation is unlikely to be treated as confidential, except in very particular circumstances. The Lord Chancellor's Code of Practice on the Freedom of Information Act provides that:

- The Department should only accept information from third parties in confidence if it is necessary to obtain that information in connection with the exercise of any of the Department's functions and it would not otherwise be provided;
- The Department should not agree to hold information received from third parties "in confidence" which is not of a confidential nature;
- Acceptance by the Department of confidentiality provisions must be for good reasons, capable of being justified to the Information Commissioner.

For further information about confidentiality of responses please contact the Information Commissioner's office (or see website at: www.informationcommissioner.gov.uk).

Equality issues

Section 75 of the Northern Ireland Act 1998 (the Act) requires public authorities, in carrying out their functions relating to Northern Ireland, to have due regard to the need to promote equality of opportunity between:

- (a) persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
- (b) men and women generally;
- (c) persons with a disability and persons without; and
- (d) persons with dependants and persons without.

A public authority is also required, in carrying out its functions, to have regard to the desirability of promoting good relations between persons of a different religious belief, political opinion or racial group.

The Department of Agriculture and Rural Development is fully committed to the fulfilment of the Section 75 obligations. To fulfil the statutory duties imposed by the Act, the Department systematically reviews existing policy areas for scrutiny and subjects new policies to equality assessments. In developing the policy on support to the potato sector the Department will consider its impact on equality.

Copies of consultation responses will be made available to personal callers or in response to telephone or e-mail requests (Tel: 02890 520836, e-mail: john.magee@dardni.gov.uk). Wherever possible, personal callers should give at least 24 hours' notice of their requirements. An administrative charge may be made to cover photocopying and postage costs.

Copies of this document can be made available on request in alternative formats, e.g. in large print, Braille, disc, audiocassette and other languages.

Should you have any comments or complaints about the consultation process (as opposed to comments about the issues which are the subject of the consultation) they should be sent to Room 916, Dundonald House, Belfast BT4 3SB.

Section 5 – List of Organisations being consulted

Northern Ireland Potato Merchants Association	Association of NI Colleges
Bridgend Mini-Tubers	Baha'i Office for Northern Ireland
Glens of Antrim	Barnardos
Fane Valley	British Deaf Association (NI)
Wilson's Country	Carafriend
NI Potato Industry Stakeholder Forum	Carers Northern Ireland
MBM	Child Poverty Action Group (NI)
	Children's Law Centre
	Citizen's Advice Bureau
Antrim Borough Council	Coalition on Sexual Orientation (CoSO)
Ards Borough Council	Commission on the
Armagh City and District Council	Administration of Justice (CAJ)
Ballymena Borough Council	Commission Development &
Ballymoney Borough Council	Health Network (NI)
Banbridge Borough Council	Community Relations Council (CRC)
Belfast City Council	Disability Action
Carrickfergus Borough Council	Down's Syndrome Association
Castlereagh Borough Council	Drainage Council for NI
Coleraine Borough Council	Employers' Forum on Disability
Cookstown Borough Council	Equality Commission for NI
Craigavon Borough Council	Equality Forum NI
Derry City Council	Falls Community Council
Down District Council	Fermanagh Women's Network
Dungannon & South Tyrone Borough Council	Foyle, Carlington & Irish Lights Commissioners
Fermanagh District Council	FPA NI (formerly Family Planning Assoc)
Larne Borough Council	Gay Lesbian Youth Northern Ireland
Limavady Borough Council	General Consumer Council
Lisburn Borough Council	Gingerbread Northern Ireland
Magherafelt District Council	GMB
Moyle District Council	Help the Aged, Northern Ireland
Newry & Mourne District Council	Human Rights and Equality Unit, NIO
Newtownabbey Borough Council	Livestock & Meat Commission for NI
North Down Borough Council	Magherafelt Women's Group
Omagh District Council	MENCAP
Strabane District Council	
Age Concern Northern Ireland	
Agricultural Research Institute of NI	

Methodist Church in Ireland	The Guide Dogs for the Blind Association
Multi-Cultural Resource Centre	The Rainbow Project
Newry & Mourne Senior Citizens Consortium	The Royal National Institute for Deaf People (NI)
Newry and Mourne Women	The Ulster People College
NI Anti-Poverty Network c/o NICVA	The Women's Centre
NIAPA	Traveller Movement Northern Ireland
NI Commissioner for Children and Young People	Waterways Ireland
NI Committee, Irish Congress of Trade Unions (NIC-ICTU)	West Belfast Economic Forum
NI Council for Ethnic Minorities (NICEM)	Women's Information Group
NI Council for Voluntary Action (NICVA)	Women's Res & Development Agency (WRDA)
NI Fishery Harbour Authority	Women's Support Network
NI Human Rights Commission (HIHRC)	Ulster Farmers Union
NI Islamic Centre	Youth Council for Northern Ireland
NIPSA	Alliance Party
NI Women's European Platform (NIWEP)	Conservative Party
North West Community Network	Democratic Unionist Party
North West Forum of People with Disabilities	Green Party
NSPCC	Labour Party
NUS USI	NI Unionist Party
OFMDFM The Statutory Duty Unit	NI Women's Coalition
Omagh Women's Area Network	Progressive Unionist Party
Parents & Professionals & Autism	SDLP
Pig Production Development Committee	Sinn Fein
Pobal	UK Unionist Party
Rural Community Network	Ulster Unionist Party
Rural Development Council	United Unionist Assembly Party
Rural Support	Workers Party
Sense NI	
Sperrin Lakeland Senior Citizen's Consortium	
The Community Foundation for NI	

ANNEX 1

Estimated costs of current DARD services to the Potato Sector

DARD Branch / Division	Approximate expenditure (£)
Farm Policy Branch	70,345
Environmental Policy Branch	7,434
Supply Chain Development Branch	15,000
Quality Assurance Branch	395,012
CAFRE	85,000
Applied Plant Science Division	649,389
Economics and Statistics Branch	6,555
Total	1,228,735

The approximate values stated in the above table relate only to staff salary costs and do not take into consideration costs associated with buildings, overheads, opportunity costs etc.

The services currently provided by various DARD Divisions / Branches are as follows:

Farm Policy Branch:

- Development, co-ordination and implementation of policy on plant health with regard to the Northern Ireland seed and ware potato sector within the requirements of EU and UK legislation.
- Provision of secretariat and policy / technical advice to Seed Potato Liaison Group with regard to Research, Development, Marketing and Promotion arrangements for the Northern Ireland seed potato sub sector.

Environmental Policy Branch

- Management of potato breeding contractual arrangements between the DARD NI Horticulture and Plant Breeding Station (NIHPBS), Loughgall and private / commercial interests.

Service Delivery Group (incorporating Supply Chain Development Branch, Quality Assurance Branch and CAFRE)

- Provision of education, business development advice, technology transfer and statutory plant health and seed certification services to the potato sector.
- Provision of advisory services to processors relative to hygiene, quality systems, product development, process development, factory design legislation / labelling and packaging
- Provision of facilities and supply chain development support to encourage better communication, collaboration and strengthening throughout the local potato sector supply chain.
- Provision of financial assistance under the EU Agricultural Processing and Marketing Grant scheme for Northern Ireland potato processing facilities.
- Provision of financial assistance under the EU Marketing of Quality Agricultural Products grant scheme to encourage integration and collaboration between producers, processors and others in the food chain to produce and market quality agricultural products.

Applied Plant Science Division

- Provision of a potato breeding programme at the NIHPBS and potato variety testing at Crossnacreevy; Research projects are undertaken on potato issues at Newforge lane along with diagnostic services for pests and diseases in support of DARD's statutory plant health and seed potato certification services. Newforge Lane also provides diagnostic services to growers and other commercial interests.

Economics and Statistics Branch

- Provision of statistical data on crop yields, outputs and prices.

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

**TERMS OF REFERENCE FOR A REVIEW OF SUPPORT ARRANGEMENTS
FOR SEED AND WARE POTATO SECTOR**

1. The Department of Agriculture and Rural Development (DARD) wishes to commission an external consultant / contractor to undertake a review of DARD support arrangements to the potato sector.

Purpose / Objectives of Review

2. The purpose of the Review is to provide DARD senior management with an independent and objective assessment of current arrangements and make recommendations about future support arrangements.

Terms of Reference for the Review

3. The Review will be carried out within the following Terms of Reference:-
 - To analyse the present contribution of the seed and ware potato sector (production and processing) to the Northern Ireland economy, assess those factors likely to influence seed and ware potato production in Northern Ireland over the next five years, and forecast the potential contribution of the sector for that period;
 - To assess the impact of existing DARD support to the potato sector and consider the future needs of the sector for administrative, technical and financial support (including advisory, educational, technical and research and development services);
 - To make recommendations, with forecasts of the likely implications for the potato sector, for changes in DARD policy with respect to the future provision of support to the sector.

Requirements

4. The Review will examine the current policy and operational responsibilities (statutory and otherwise) for the totality of the Department's support arrangements to the potato sector, in light of developments that have impacted on the Department's support arrangements to the potato sector (both seed and ware). The Review will assess the need for the present level of support provided by DARD, whether or not it provides value for money, and make recommendations as to whether the current arrangements should be maintained, strengthened, reduced or suppressed. This will require the contractor to conduct an in-depth examination of current support arrangements to the potato sector (including policy, inspection, advisory and research and development).

5. This will involve liaison with officials in various DARD Divisions/Branches to establish legislative and other baseline information pertaining to current support arrangements within the potato sector. The Contractor, in conjunction with the appointed Steering Group / Liaison Officer will also consider the need to consult with relevant key industry players / interests on the necessity and value placed on the range of support services currently provided. It is emphasised however, that the Review process to be undertaken by the Contractor must be independent, objective and critical in its examination and assessment of the key areas of DARD support for the potato industry.

Executive Summary of the Quinn Report**1.0 EXECUTIVE SUMMARY**

- 1.1** This report was commissioned by the Department of Agriculture and Rural Development (DARD), with a view to undertaking an assessment of the value and relevance of the support mechanisms, including the internal departmental arrangements for those supports, currently being provided by the Department to the potato sector in Northern Ireland. It was undertaken in accordance with the Terms of Reference reproduced in Appendix 1.
- 1.2** The combined output of ware and seed potatoes in Northern Ireland has declined steadily over more than a century - to the point where it is now a very small proportion of the European Union total (which increased as a result of the accession of Poland, Hungary and other smaller producers) and the future sustainability of both the seed and the ware sectors is becoming progressively and rapidly more questionable. In recent years, the number of potato farmers in Northern Ireland has decreased (as it has in several other European countries), with no indication of any change in that trend. The overall sector's output is now heavily dependent on the 5%-10% of biggest farmers, who, between them, produce between 45% and 60% of total output; at present, the biggest 1% of farmers (ten farmers) produce 16% of Northern Ireland's total output of potatoes and the total value of the sector's output in 2003 was £22.6 million (within 4% of the mean value of £23.5 million over the past six years).
- 1.2.1** By comparison, Scotland's overall output has remained relatively steady, though its seed production has shown indications of a slight decline, despite the fact that most of the multiplication of the Republic of Ireland's new varieties is now undertaken there. Similarly in the Republic of Ireland, while the number of potato farmers is decreasing at a rate broadly comparable to that in Northern Ireland, overall production was, until recently, increasing slightly; however, it has now started to decline, partly because of the growing of Irish varieties in Scotland, but also largely because of encouragement from the Irish Farmers Association and Teagasc's Advisory Service, both of whom have been

advocating rationalisation in order to avoid price-cutting and, thereby, secure the sustainability of the sector.

- 1.3** Northern Ireland has a high, disease-free, health status for its potatoes, but there is little evidence that such a theoretically important and valuable advantage has been exploited in securing overseas sales, or even in protecting the domestic market; logically, that should be a major asset in selling potatoes - especially seed potatoes - into foreign markets. Instead, Northern Ireland has been losing its former strong position in its export markets, whilst Scotland has been maintaining, or increasing, its sales in those same markets.
- 1.4** One issue which clearly impacts on the potato sector in Northern Ireland is the extensive use of 'free' varieties i.e. those varieties on which royalties are no longer payable to the breeders. While the cultivation of such varieties reduces short-term costs to the producers, it normally results in lower yields (about 50% lower, or even less, of that for protected varieties) and it also implies that much of the output being produced in Northern Ireland is from 'out-dated' varieties, which are, frequently, inappropriate to changing market demands.
- 1.5** The potato sector in Northern Ireland is currently dominated by relatively small producers; 70% of growers farm less than five hectares, at an average of 1.51 hectares per farmer; most of these are not dependent on potato growing for their livelihoods. All the indications are that, in the future, units will have to be bigger and more specialised, if they are to be viable, and it is clear that that process has already started. Therefore, it can be predicted with confidence that, in the near future, any potato farmer with significantly less than fifty hectares under cultivation is unlikely to sustain a viable potato-farming operation.
- 1.6** Because of the 'commodity' nature of its output, with major fluctuations in selling prices, potato farming is a risky business, demanding very effective cost control. Pressure, especially from Britain, where prices are significantly lower, will dictate that Northern Ireland's potato farmers will have to find ways of reducing their costs, by benchmarking them against 'best practice' growers and by finding and implementing new solutions to both established and emerging

problems, if they are to compete effectively and reduce their exposure to the risk of losses, or, for some, to financial disaster.

- 1.7** Internationally, potato farming is becoming more mobile. Already the Republic of Ireland, through one of its main potato organisations, is multiplying its home-bred varieties in Scotland and doing so very effectively and successfully; the yields being achieved there are between two and four times those being achieved in Ireland, depending on the variety. Other major companies in the potato sector, including some with investments in Northern Ireland, are also multiplying their seed in several countries and have created vast networks of growers in those countries.
- 1.8** Potato selling and marketing is governed, in large part, by European Union regulations and directives, though there are no E.U. quality standards specifically applicable to potatoes. There are, however, specific regulations designed to protect against so-called 'quarantine diseases' and indigenous governments are required to install appropriate inspection procedures to identify any occurrence of such viruses and pathogens.
- 1.9** In Northern Ireland, DARD's Quality Assurance Branch is responsible for the implementation of plant health and seed certification legislation with scientific support from Applied Plant Science Division (APSD); its certification procedures are acknowledged internationally as being of a particularly high standard. Through its facility at Newforge Lane, APSD is satisfied that no symptoms of any quarantine disease have been found in Northern Ireland.
- 1.10** The crossing and breeding of new varieties is undertaken by another unit, currently within APSD, at the Northern Ireland Horticulture and Plant Breeding Station (NIHPBS) at Loughgall. Its breeding programme involves a combination of commercial contracts with a variety of local and international interests involving a market focus, and a strategic breeding programme for the prevention / control of diseases and the inculcation of new characteristics into the final potato product. Trials on all potentially viable varieties are conducted at the Northern Ireland Testing Station (NITS) at Crossnacreevy.

1.11 A broad consultation process was conducted with a wide range of interests, including growers, merchants, packers, processors, representative bodies and DARD staff. During the consultations, the following principal issues were raised:

- Northern Ireland's advantages of good soil, suitable climate, high health and disease-free status, and long experience in the sector, should be enough to create a successful potato industry, but it continues to lose market share in both its ware and its seed sectors; the lack of new varieties and the use of non-certified seed have eroded its credibility in its former markets.
- This sector's development has suffered from an inadequate focus on market needs and the overall supply chain, little investment in marketing infrastructure, a low level of vertical linkages and a shortage of skills in marketing; consequently, aspects such as quality, service, after-sales support (especially for its seed, which requires more such support than the ware sector) and innovation have never received adequate attention or investment from the farmers themselves; realistically, these issues can be resolved only by direct interface between the farmers and their customers (and, ideally, with consumers of their products – though that is likely to be more difficult), rather than by relying on intermediaries who have not fulfilled this role successfully in the past and are unlikely to do so in the future. And, there is a need for more, stronger contractual arrangements between those who grow seed and ware growers.
- Poor husbandry has a hugely negative impact on this industry's performance; there has been a failure to address some fundamental agronomic issues, including inadequate fallowing, the use of small ware and several generations of seed, the lack of soil sampling and of adequate blight protocols, and the failure to segregate seed from ware, to benchmark costs, to apply the necessary phytosanitary protocols and to remove 'rogue' varieties from the crops during growth.
- The maintenance of its high health and disease-free status and the continuing cultivation of new varieties are crucial to the future of this sector; that high health status must apply to the Island as a whole and any new

varieties should come from market-driven breeding rather than agronomically-driven crossing.

- The inadequacy of the infrastructural support available has affected the performance of this sector; that infrastructure includes: post harvesting and cold storage facilities, grading and weighing facilities, washing and packing facilities etc. as well as non-physical supports such as benchmark data, marketing support, models of best practice etc.; comparison with the Republic of Ireland indicates that the potato sector in Northern Ireland has secured less-than-adequate investment in these areas; at the same time, there is clear evidence that some of the supports, which are available, have not been used by growers – especially the non-physical supports.
- The high level of fragmentation in the sector and the failure to co-operate in solving problems in the way in which Dutch farmers do, have militated against the progress of potato farming in Northern Ireland; this has been augmented by dependence on merchants who sell on a ‘commodity’ basis, with no contractual relationships with the growers.
- There has been a failure to harness the expertise which exists in Northern Ireland in crossing and breeding to produce new varieties and the emphasis on agronomy, at the expense of changes in market preferences for types of potato, has not been helpful; the multiplication of Northern-Ireland-bred varieties in Scotland, Holland etc. is a source of annoyance to growers.
- There has been a continuing decline in potato consumption, with a consequent need to increase the range of value-added potato products, to maximise cost-competitiveness and to co-operate at all levels in the sector.
- Any potential for growth in Northern Ireland’s potato sector is in the seed sector and opportunities to service nearby markets are being missed.

1.12 A number of issues emanated from the combination of a literature survey and the consultations, together with the subsequent analyses. Four issues were clearly of particular significance, viz.:

- > The need to protect Northern Ireland’s disease-free status and that involves ensuring that the Republic also remains free from potato-based diseases.
- > The need to have on-going access to new varieties.

- > The need for improved agronomy.
- > The need for better marketing of Northern Ireland's potato output.

They, together with the options available in respect of each issue, were analysed into three groups: those which are essentially strategic; those which are statutory; and those which are largely, or entirely, discretionary.

1.12.1 In terms of the strategic dimensions to potato farming, three main aspects were identified, as follows:

(i) The Need for New Varieties: This is currently one of the main determinants of Departmental expenditure on this sector. In strategic terms, this was deemed to be critical to the sector's future and a total of six options (including retention of the *status quo*) were identified and analysed; the six were reduced to the following three, realistically feasible alternatives:

- a phased reduction of public funding for the potato breeding programme;
- the funding by DARD of 'strategic components' only, with 'commercial breeding' being funded through contractual agreements; and
- allowing Northern Ireland to become purely a location for the propagation of varieties bred elsewhere.

(ii) Links with Other Potato-growing Countries: Four options were identified and, following analysis, they were reduced to three viz. the establishment of formal links with the Republic of Ireland, or with a mainland-European country, or both.

(iii) Whether to Focus DARD's Support on a Smaller Number of Bigger Operators: Bigger operators were identified as being more amenable to implementing better agronomy and marketing protocols and as having a bigger stake in the future success of the sector.

Specific recommendations in relation to each of these three dimensions are provided below.

- 1.12.2 In relation to the various statutory activities, it was accepted that the only real options related to their scale and cost. The recommended changes in respect of these elements are set out below.
- 1.12.3 Similarly, the costs of research and other non-statutory activities provided at Newforge were considered, with the conclusions indicated below.
- 1.13 The sixteen recommendations arising from the conclusions to the analyses of the potentially feasible options are as follows:

Recommendation 1: *The NIHPBS at Loughgall (through Environmental Policy Branch) should negotiate commercially-focussed contracts with a number of organisations (instead of a single main contract) and should divide the overall quantum of its crossing and breeding work over those contracts, adjusting 'reduction rates' so that a realistically feasible number of varieties is produced for potential commercial multiplication under each contract, by the seventh or eighth year after initial crossing.*

Recommendation 2: *In negotiating contracts with potential commercial partners, NIHPBS (through Environmental Policy Branch) should ensure that most of its breeding work will be focussed on the British, Irish and European markets.*

Recommendation 3: *As part of its contract negotiations with any potential partner, NIHPBS (through Environmental Policy Branch) should try to ensure that such a partner has sufficient networks and resources to exploit fully the potential of any new variety and to support it with the necessary marketing investment; it should also try to ensure that the possibility of multiplication in Northern Ireland was not being precluded by the commercial partner, even if any particular variety was to be made available to a select number of trusted growers only.*

Recommendation 4: *DARD should continue to support an element of strategic breeding at Loughgall, to be undertaken to DARD's specifications, following agreement with NIHPBS, but DARD's contribution to any strategic component of Loughgall's potato-breeding activities should reduce*

progressively over time, starting at 80% of the cost of Loughgall's potato-breeding programme in 2006, and reducing by 10% per annum over the following five years; if by the end of 2010, the programme is not generating enough commercial revenue to cover at least 45% of its costs, the programme's performance and future, and the contributions (both monetary and non-monetary) of the individual commercial partners should be reviewed afresh by DARD.

Recommendation 5: DARD should pursue with the Department of Food and Agriculture in the Republic, the potential for mutual co-operation and economies of operation in the areas of inspection, certification, research, marketing and promotion, variety development and cross-border trade, for both seed and ware, in the potato sector.

Recommendation 6: DARD should pursue with the Department of Food and Agriculture the potential for co-operation and joint operations between An Bord Bia and relevant agencies in Northern Ireland (INI etc.) in creating an Island-wide approach to the promotion and marketing of potatoes and their related down-stream, value-added products, in both local and international markets.

Recommendation 7: The Northern Ireland potato sector should, in conjunction with DARD, develop marketing and distribution partnerships with major European players (especially European companies, with which it negotiates breeding contracts) who could secure sales for Northern Ireland seed potatoes in parts of Europe and outside Europe, under such an arrangement that some propagation would occur in Northern Ireland, with carefully selected and trusted growers, and that commission on varieties bred in Northern Ireland would be returned to the breeder in Northern Ireland.

Recommendation 8: DARD should concentrate its resources and its support for the potato sector on:

- the one hundred (or so) farmers who currently plant at least forty hectares of potatoes annually, or who could be persuaded to increase their propagation to that level,*
- the top quartile of seed producers, and*

- *any strategically-important specialist operators, whilst maintaining, among all growers, the inspection, certification and marketing standards devolved to it by European Union directives and national legislation.*

Recommendation 9: DARD should now undertake a zero-based analysis of the current levy scheme, with a view to abolishing it entirely, or to establishing a new levy system for the farmers who continue to receive support under whatever new dispensation is implemented, following consideration of this report.

Recommendation 10: In light of the continuing decrease in the sector, Quality Assurance Branch should reduce the staffing cohort devoted to the potato sector by 20% of its current level (i.e. to eight person-years) by the end of 2007, whilst maintaining the standards it currently applies to its inspection and certification activities.

Recommendation 11: DARD should review, from zero-base, with Newforge the need for, and cost of, the services currently being provided from there, with a view to effecting economies which would reflect the changed level of activity in the sector, whilst taking due cognisance of the statutory need to protect Northern Ireland's health status in relation to potato farming.

Recommendation 12: DARD, through its staff who are in direct contact with potato growers (especially those at CAFRE's Greenmount Campus and those in Supply Chain Management), should encourage increased use of the Department's expertise in agronomy, bench-marking, supply chain management, marketing and technology transfer, by the cohort of growers on which it proposes to concentrate its support, through making courses and advice available to those growers; it should also promote the need for growers to reduce their costs to levels which will make them competitive with growers elsewhere; and DARD should set five-year performance targets for these activities, so that failure to achieve reasonably feasible improvements will result in reductions in the resources allocated to those activities.

Recommendation 13: *DARD, through its contacts with educational and research bodies, should promote and support the concept of research into how the shelf-life of potatoes and potato-based products could be extended.*

Recommendation 14: *DARD should prepare plans to ensure that any potentially successful new varieties emanating from the strategic breeding programme, which it supports, will be complemented by adequate marketing, even if that were to involve the sale of some specific varieties to private sector businesses with the requisite marketing skills and financial resources.*

Recommendation 15: *DARD's strategy for the marketing of Northern Ireland's potato output and for the marketing of any down-stream products from potatoes, should involve co-operation with the sector in the Republic of Ireland, and the implementation of such a strategy should be facilitated and supported through appropriate cross-border entities.*

Recommendation 16: *Farm Policy Branch should immediately undertake an assessment of the organisational implications of appointing a person to co-ordinate the delivery of its statutory responsibilities to the potato sector and its overall support for that sector, and, in the absence of seriously negative implications, should make such an appointment.*

- 1.14 While these recommendations may not be exactly what potato growers, or those who currently market Northern Ireland's potato output, would prefer, they represent what is deemed to be the best short and medium term approach to making this a viable sector, with some potential for selective expansion in the near future.

needs have not been communicated effectively to the producers, who view themselves as producers of a 'commodity product' – not the best way to develop a profitable and viable sector.

- 6.5 It would be easy, in such circumstances, to decide to abandon potato farming entirely, or for DARD to conclude that any further support would effectively be 'throwing good money after bad'. What this report suggests is that the strengths and the potential of this sector are too good to waste – albeit that they have both been wasted, or mismanaged, in the past. There could be a future for potato farming in Northern Ireland, with a more professional approach to production and a more sophisticated approach to marketing.
- 6.6 That applies particularly to the seed sub-sector, where the demands of customers, in respect of agronomy, service, quality, delivery and regular introductions of new varieties, place on-going pressures for continued good performance. Meeting those demands and using Northern Ireland's preferential health status as a real advantage in recovering markets, which have been lost, and in penetrating new markets, will require a new 'mind-set' on the part of the industry here.
- 6.7 There is no guarantee that the necessary attitudinal changes will be forthcoming. Neither is there any guarantee that Northern Ireland will be capable of meeting the market's (current and probable future) demand for regular introductions of new varieties with specifically required attributes. Without both of those, this industry is destined for total collapse, in the relatively short term; to that extent, the proposals in this document involve an element of risk. The basis on which this report has been produced is that the capacity is there to meet both those challenges successfully; but both will involve major changes in the way in which this industry is operated in the future, as compared with the position to date.