



Joint Oireachtas Agriculture, Food and the Marine Committee

FINAL Ulster Bank Ireland DAC Opening Statement

Dr Ailish Byrne, Head of Agriculture.

8th May 2018

- I thank the Chairman and the members of the committee for inviting us here today. We welcome the opportunity to discuss Ulster Bank's ongoing support for the agriculture sector, particularly following a prolonged period of adverse weather conditions and the significant pressures on farming communities. I am Ulster Bank's Head of Agriculture and I am joined by my colleague, Eddie Cullen, Managing Director of our Commercial Banking Division.

- As I have previously discussed with committee members, supporting agriculture and the farming sector is a key focus for Ulster Bank.

- The increased volatility evident in the agriculture sector over the last few years, either due to weather, price or unexpected individual on-farm challenges is a reality that the sector must learn to manage. Irish farmers must continue to improve on-farm efficiencies and competitiveness to survive the income cycles, which have now become the norm.

- At Ulster Bank we take a long term view of agricultural lending and we believe that the production and utilisation of grass on livestock farms drives efficiency. To support this and meet the needs of the industry we developed and introduced

our Pasture Loan, which provides finance for grazing infrastructure, drainage, re-seeding and soil fertility.

- We proactively engage and interact with farmers and industry stakeholders, including a recent meeting with Minister Creed to ensure we understand the current challenges facing the sector.
- There are a number of key items about the current pressures facing farmers that I would like to highlight:
 1. The nature and extent of the current challenges are not uniform throughout the country, even though there is a nationwide fodder shortage.
 2. We believe that due to the physical and mental strain on farmers over the last few months, they may not have yet reacted to the possible financial impact of the current situation.
 3. At Ulster Bank we have not experienced any significant increase in demand for working capital facilities.
 4. Farmers need to consider how they will replenish their fodder stocks in 2018, which will result in increased fertiliser and contractor charges. They also need to plan for the possibility of a larger than normal tax bill in November and some may also need to reassess their infrastructure requirements on expanding farms.
 5. All of these pressures must be managed in a year in which a reduction in agricultural output, across all the main farming sectors is anticipated.
- Anecdotally we believe that farmers have acquired additional fodder, with the majority of payments still to be made. Overdraft utilisation levels remain in line with previous years, when seasonal variations are taken into account. While this indicates that there are no major signs of liquidity issues across the sector as a whole, we are aware that there are pressures on individual farms.
- Farmers use a variety of mechanisms to manage working capital, including bank funding and merchant credit. Depending on the nature of the enterprise and the working capital cycle, Ulster Bank has a number of options available, including a business overdraft, trading stock facility and seasonal input facility. A farmer may

avail of one or all of these in combination to support his or her working capital requirements.

- Over the last few weeks we have engaged with our farming customers ranging from dairy farmers who have recently expanded, to drystock farmers in the Northwest, to ascertain if they are under cashflow pressure. Some farmers requested small increases in their overdraft limits to pay for feed and fertiliser, while other farmers indicated that they might need additional finances as the year progresses. No farmer advised that they could not get access to feed. A handful of farmers will have significantly increased feed costs due to the prolonged winter compared to what they budgeted for and they all advised that they had learned valuable lessons this year.
- Ulster Bank offers support and solutions to all our customers during periods of pressure, once the underlying core business is sustainable into the future. One thing I would like to emphasise today is that farmers should talk to their bank if they are in any way concerned about their financial circumstances.
- As part of our meaningful help and support measures for farm families we recently ran regional seminars in Cork, Kilkenny, Limerick and Donegal, entitled Building Capabilities on Farms. These seminars brought industry experts and sectoral intermediaries together to enable the attending farmers and stakeholders in the industry, to discuss and seek advice on solutions and strategies to help farmers to address volatility in their businesses. We had representatives from Aware, Pieta House & Mental Health Ireland at these events to recognise and support the need for mental well-being, as well as financial well-being on farms. They stressed the importance of talking, listening and seeking regular downtime from the stresses and strains of running a farm business. During the last 12 months Ulster Bank has partnered with Teagasc Moorepark to support its biannual open day, supported robotic and organic farm Open-days in Cavan and Monaghan, a beef expo in Mayo and the Agricultural Science Association Dairy Technical Masterclass.

- I reiterate that Ulster Bank is committed to the agrifood and farming sectors. Our aim is to partner with farming businesses to enable them to grow and to continue to support the agriculture sector through the difficulties that arise. We have developed flexible solutions to support our customers, including the Dairy Expansion Loan, Dairy Farmer Toolkit, Pasture Loans, as well as participating in the SBCI Agri. Cash-flow Loan Scheme. Ulster Bank looks forward to further engagement and collaboration with all stakeholders in the industry to consider a range of options to address the fundamental difficulties facing the sector.
- I thank the Chairman and members for affording Ulster Bank the opportunity to address the committee. Mr. Cullen and I will be happy to address questions members may have for us.

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