



Macra na Feirme

**Opening Statement by Macra na Feirme President Thomas
Duffy to the Joint Oireachtas Committee on Agriculture,
Food and the Marine
Tuesday 20th April 2021, 10.30 am**

**Impact of proposed amendments to the Good Agricultural & Environmental Conditions 2 and
broader CAP negotiations for young farmers**

Chairman and Committee Members,

Thank you for the invitation to address you here today. My name is Thomas Duffy, President of Macra na Feirme. I am joined virtually by President Elect John Keane, Agricultural Affairs Chair Shane Fitzgerald, Chief Executive Denis Duggan, Head of Policy, Advocacy and Membership Derrie Dillon, and Policy Officer Gillian Richardson.

It cannot be denied that young farmers will have a large role to play in the challenges we as an industry will face in the future. However, to achieve this, the obstacles of access to land and access to credit must be addressed. In Ireland, our agricultural system faces a demographic crisis similar to many other EU member states. Based on 2016 figures, Ireland has only 5% of farmers aged less than 35 years of age, with 30% of farmers held by those over the age of 65.

This figure significantly increases when we look at those in more disadvantaged areas in particular those on uplands and peat soils. In the sectors predominately practised on these farms a higher average age was observed, the percentage of specialist sheep farms with a high age profile was 41%, cattle farms had 39% compared to an average of only 15% for dairy according to the Teagasc National Sustainability Report. These figures have also shown sharp increases particularly in cattle farming rising from 27% in 2013-2015 to 36% in 2017-2019.

Greater land designation as proposed under GAEC 2 and the EU Biodiversity Strategy of increasing the area of “strictly protected” areas would have a significant negative impact on young farmers ability to farm their land, and access new land. The economic impact not only on the current land use but the potential farm uses in future must be considered for compensation.

Below I will outline a number of issues currently affecting young farmers which include the need to direct a minimum of 4% of direct payments to young farmers, greater promotion of collaborative models and access to land through Common Agricultural Policy (CAP) funding for the Land Mobility Service and continued support through the taxation code for farm transfer.

While Generational Renewal is laid out as a Commission priority in the CAP proposals, many holes have been identified in the system supporting the new implementation of CAP. Most significant of these is the weak evidence base behind assessing previous CAP intervention, in particular those introduced in the 2014-2020 period, and the lack of emphasis on young farmers in new key documents the current Commission has introduced. A single mention is made of young farmers between the EU Green Deal documents addressing farming, farmland and food system. The EU Biodiversity strategy does not consider the impact of land designation on access to land for young farmers while in the ‘Farm to Fork’ document generational renewal is almost entirely ignored with a simply vague reference to Organic farming area increase benefiting young farmers.

Despite 2014-2020 bringing significant new measures such as the Young Farmer scheme, National Reserve scheme and assistance through investment support, the assessment of success has been entirely based on outdated information such as the EU agricultural census last taken in 2016. The Commission has published no documents examining the success of measures based on any newer information before making member state specific recommendations for CAP Strategic Plans.

By DAFM figures, the number of young farmers applying for the Young Farmers scheme grew from 8,187 in 2015 to 9,695 in 2019 before declining back to 7,710 in 2020 primarily due to the five-year rule. The continued use of the five-year rule has posed significant challenges to the early handover of land.

Macra na Feirme has been to the fore of moving away from a succession or inheritance model towards a collaboration or partnership approach. This has fundamentally changed the face of farming however the mechanisms of support have not kept pace. The limitation placed on young farmers supports directly discriminate against early entry into partnership. If a young farmer enters a partnership with an older farmer at the age of 24 years of age, they will no longer be classed as a young farmer by age 29. We must see a range of measures to encourage younger entry into partnership as demonstrated in annex 1.

Department of Agriculture, Food and Marine assessment of the impact of proposed changes to CAP post 2023 was carried out in 2019 when the EU Parliament support for a minimum of 4% of direct payments had not been finalised. As laid out in annex 2, Macra na Feirme has assessed the impact of this requirement upon the profile of farm payments.

The Macra na Feirme Land Mobility Service was established following the findings of the study on ‘Land Mobility and Succession in Ireland’ carried out in 2012 by Broadmore Research. This identified that 46% of those surveyed did not have a farming successor identified. Following this, an independent service was established by Macra na Feirme who provides independent advice and facilitation of arrangements such as partnership, long term leasing and share farming.

The Land Mobility Service has facilitated 700 arrangements since its inception covering 55,000 acres, 140 farms in 2020. However to grow the service beyond its regional success it is essential it is recognised in the CAP Strategic Plans and consistent funding put in place to allow expansion of the service. Macra na Feirme and CEJA – The European Council of Young Farmers, have successfully lobbied for the inclusion of provisions within the new CAP to enable member states fund land mobility services across European. The process of advice provision, and facilitation of partnerships and shared farming agreements can be long and labour intensive. Such a service needs CAP and Department of Agriculture support to ensure that the viability of such a valuable tool is retained and expanded.

As noted in the Report by the European Economic Social Committee “Evaluation of the impact of the CAP on generational renewal” it is recommended that ‘Member States should incentivise generational renewal by minimising the costs and taxes associated with the inter-generational transfer of farms’. Young Trained Farmer Stamp Duty Relief is precisely this form of measure and must be considered as essential to enabling generational renewal.

In 2018, a total of 1,056 young trained farmers availed of the Young Farmers Stamp Duty Relief valued at €16.8 million. This was a significant increase from 2017 levels with 845 claimants worth €7.8 million. The current young farmer stamp duty relief is due to expire on 31st December 2021.

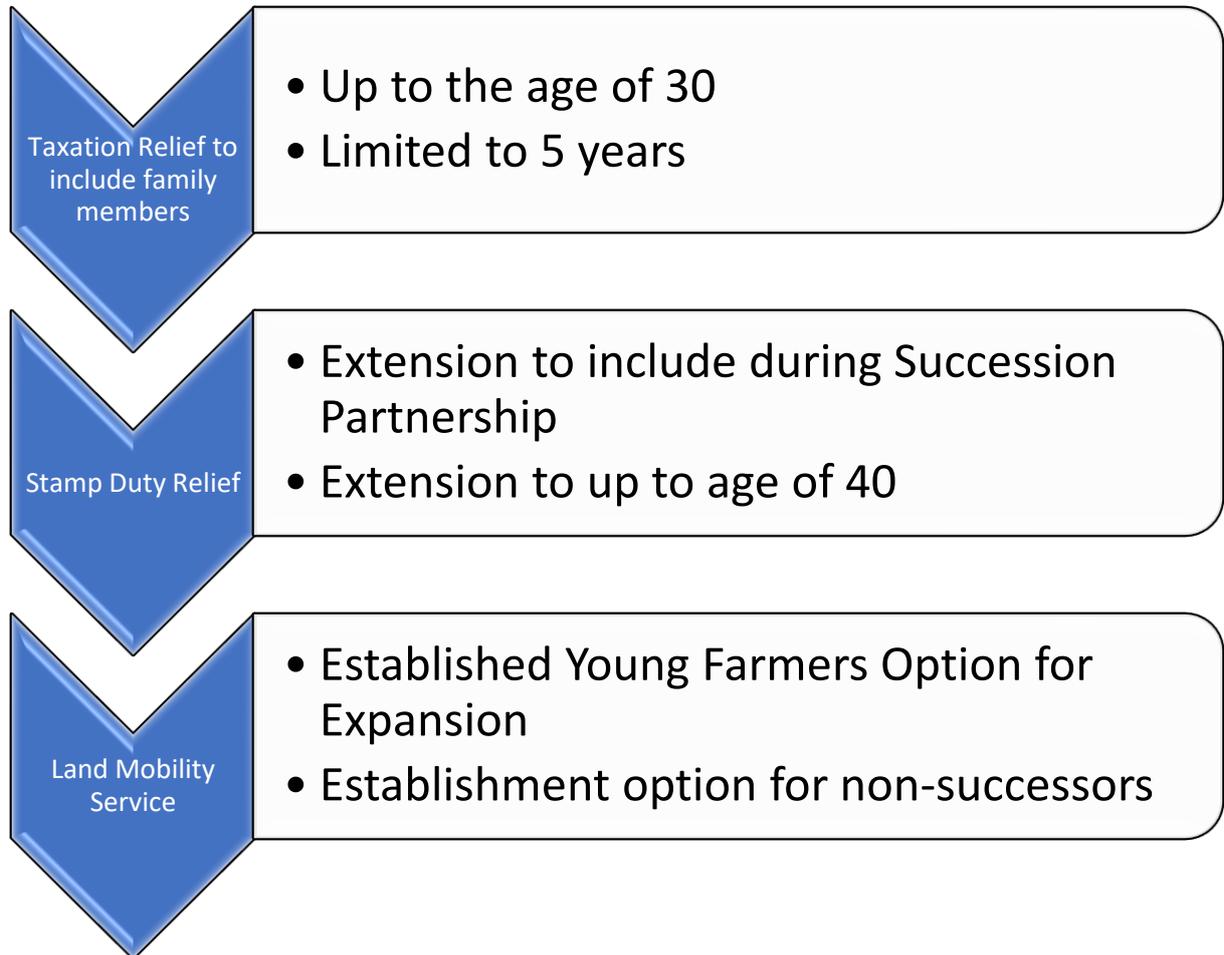
Macra na Feirme would be very much in favour of a stepped approach when it comes to farm transfers so that both the transferor and the transferee have options to avail of and aren’t faced with an ultimatum in the form of a cliff edge.

The age limit as part of the EU trained young farmer definition is 40 hence better aligning Irish taxation measures with EU definitions is very much justified to allow all Irish young farmers to receive the same support. Also, by raising the age limit for young farmers under this relief for young farmers involved in schemes and succession farm partnerships, it would bring it in line with the 40 years old age limit set under the prioritisation for young farmers under the likes of the Organics Scheme. Ensuring that those young farmers are not discouraged from taking up schemes due to fear of missing out on this relief or vice versa. Due to the substantial cost and lack of available finance associated with purchasing agricultural property, a young farmer will struggle to avail of many benefits of stamp duty relief before the age of 35. Such relief is most likely only beneficial in cases of land transfer from a parent as many young trained farmers would not be in a position to purchase land at the age of 34 or younger.

To the betterment of the Succession Farm Partnership model, provisions should be made to allow such partnerships to benefit from Stamp Duty Relief. The Succession Farm Partnership measure was introduced to encourage farm succession within families. The first year of measurable uptake of the scheme in 2017, where Succession Farm Partnership credit was valued at a cost of €400,000, involved 174 partnerships. The uptake of this measure will increase in subsequent years. Macra na Feirme estimate that there are over 400 Succession Farm Partnerships at present with a credit of over €1 million.

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Annex 1 Pathways to Farm Generational Renewal



Annex 2 DAFM's modelling of payments under CAP proposal. Additional column

EUROPEAN COMMISSION PROPOSALS	COMAGRI PROPOSAL					EUROPEAN COMMISSION PROPOSALS	COMAGRI PROPOSAL				
	Model (i)	Model (ii)	Model (iii)	Model (iv)	Model (v)		Amended Model (i)	Amended Model (ii)	Amended Model (iii)	Amended Model (iv)	Amended Model (v)
NATIONAL DIRECT PAYMENT CEILING 2019	€ 1.2bn	€ 1.2bn	€ 1.2bn	€ 1.2bn	€ 1.2bn	€ 1.2bn	€ 1.2bn	€ 1.2bn	€ 1.2bn	€ 1.2bn	
COMPLEMENTARY INCOME SUPPORT FOR YOUNG FARMERS (CISYF) (2%)	€ 24.2m	€ 24.2m	€ 24.2m	€ 24.2m	€ 24.2m	€ 48.4m	€ 48.4m	€ 48.4m	€ 48.4m	€ 48.4m	
COUPLED INCOME SUPPORT (0.25%)	€3m	€3m	€3m	€3m	€3m	€3m	€3m	€3m	€3m	€3m	
SECTORAL INTERVENTIONS (1%)	€ 12.1m	€ 12.1m	€ 12.1m	€ 12.1m	€ 12.1m	€ 12.1m	€ 12.1m	€ 12.1m	€ 12.1m	€ 12.1m	
SCHEME FOR THE CLIMATE AND THE ENVIRONMENT (ECO SCHEME)	€ 242.2m	€ 242.2m	€ 242.2m	€ 363.3m	€ 363.3m	€ 242.2m	€ 242.2m	€ 363.3m	€ 363.3m	€ 242.2m	
BISS CEILING	€929.5m	€929.5m	€ 808.4m	€ 808.4m	€929.5m	€ 905.3m	€ 905.3m	€ 784.2m	€ 784.2m	€ 905.3m	

