



Macra na Feirme

Opening Statement by Macra na Feirme President John Keane to the Joint Oireachtas Committee on Agriculture, Food and the Marine Wednesday 9th June 2021, 12.30 pm

Discussion on ongoing CAP Negotiations and impact on Young Farmers

Chairman and Committee Members,

Thank you for the invitation to speak with you all today. My name is John Keane, President of Macra na Feirme. I am joined virtually by CEO of Macra na Feirme, Denis Duggan.

As a sector, it is clear that we have many challenges to overcome over to coming decade and beyond. The role of highly educated, highly motivated and forward-thinking young farmers will undoubtedly be crucial in tackling these challenges and ensuring the future sustainability of our sector. With the numbers of farmers under the age of 35 is at less than 5%, fundamental change and targeted supports are required to address the decreasing numbers of farmers under 35. Over 20 years ago the percentage of farmers under 35 stood at 13%. Bearing this in mind, can it really be justified to continue with more of the same to address the issue of generational renewal?

Based on 2016 figures, 30% of farmers that are head of the holding are 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.

Macra na Feirme welcomes the elevating of generational renewal as a key objective under the current CAP proposals as a significant step forward in increasing the commitment at the EU level

towards young farmers. There is also a yawning gap in the evidence base to assess the effectiveness of the interventions applied in Ireland under the CAP period 2014-2020. The headline figures of reducing young farmer numbers and the increasing average age of farmers is an indication of success in providing an attractive sector for young people to become active farmers. The introduction of new measures in 2014-2020 including the Young Farmer scheme, National Reserve scheme and additional assistance through investment support are welcome new schemes. However, the supports for young farmers must go further and provide additional interventions to foster generational renewal. It is of concern to Macra na Feirme that no documents have been published by the European Commission examining the success of measures based on any newer information than 2016. Despite the lack of evidence, the Commission has made specific recommendations to members states for CAP Strategic Plan (CSP).

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.

There are numerous key priority areas that Macra na Feirme have considerable concerns about regarding the ongoing CAP negotiations.

Firstly the minimum allocation of 4% of direct payments ringfenced for young farmers. The recent round of negotiations at EU level appeared to be sliding towards 3% of direct payments ringfenced for young farmers. Macra na Feirme believe it is imperative in order to drive generational renewal that securing 4% for young farmers is essential. The scope of instruments covered under this 4% also requires clarity. Our position is clear that the scope of instruments covered under Pillar 1 includes support for the Young Farmer Top Up scheme and the young farmer category in the National Reserve.

Maximising the upper limit on rates on investments is also critical to delivering supports to young farmers at a point in their development when as highlighted previously access to finance remains a major issue. Under the current TAMS system, the upper limit is set at 60% for a young trained farmer. Increasing this to 80% allows for greater access to investments to young farmers whose enterprise would otherwise be unable to generate the balance between the current 60% and the full cost.

Young farmers need a firm commitment that no backsliding of funds allocated under CAP 2014-2020 will occur under this CAP period. This must be achieved across Pillar 2 to provide for additional interventions along with bolstering current interventions to drive generational renewal.

All young farmers under the age of 40 years of age should be treated equally across all CAP measures. There is a need for the inclusion of a mandatory agricultural education requirement to be applied. This is to ensure that all young farmers are equipped with the appropriate knowledge and skills. Macra na Feirme also propose that the five-year rule be removed from the young farmer definition. All young farmers are deserving of the same level of support up to the age of 40 across all CAP measures.

Macra na Feirme has always been at the forefront of promoting and encouraging the pathways into agriculture for young people. The establishment of the Land Mobility Service by Macra na Feirme has proved to be a valuable resource in facilitating land availability to young farmers while also providing a viable option for the Landowner. The commission itself highlighted the success of the Land Mobility and outlined how it can be a model adopted by other members states under the CAP

to facilitate land transfer and land availability for younger farmers. The Land Mobility Service has facilitated 700 arrangements since its inception covering 55,000 acres, 140 farms in 2020.

Given the direct outlining of the Land Mobility service by the European Commission, it is therefore essential that under the CAP that this service is directly supported by Ireland. It is gravely concerning that under the draft CSP outlined by the DAFM that no such support is being made available. Driving quantifiable change regarding generational renewal is a must for the next CAP and we firmly believe that not directly supporting the Land Mobility service will be a major missed opportunity for Irish agriculture.

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.

The issue of the five-year rule by which a young farmer qualifies as a young farmer must be addressed under the next CAP. Under the current rules once a young farmer enters into farming they qualify as a young farmer regardless of their age. So in essence a young farmer entering farming at 22 no longer qualifies as a young farmer at the age of 27. Greater flexibility is needed in relation to the timeframe and interventions that young farmers can access under CAP.

The main barriers to young farmers to entering farming include access to land and access to capital. The latter is a major issue affecting those young farmers upon starting the enterprise. Initial capital investment is often needed upon starting the farming enterprise. Start up aid is a support that can offset the costs of starting up the farm business, legal, accounting, advisory investment in stock etc. Inclusion of this intervention will deliver real support to young farmers at a crucial point in their business development.

The 'forgotten farmers' issue needs to be addressed under this CAP. Macra na Feirme welcomed Minister McConalogue's commitment to this cohort of farmers earlier this year. Macra na Feirme have been lobbying for this for a number of years with previous Agriculture Ministers and have raised the matter with the EU Commission in the past too. There are approximately 4,000 farmers in this category, who have not been previously accommodated for. These farmers have been left out and disadvantaged for far too long.

Farmers are rightfully worried about the impact of the next CAP on their income. Regardless of where the final contribution to eco-schemes ends up between 20% and 30%, the key will be that they are practical and achievable measures without additional costs or loss of land, so these are accessible to all farmers. Macra na Feirme are in favour of 75% convergence by 2026 and would urge Minister McConalogue to resist the calls for higher levels of convergence.

The need for young farmers to be catered for in the next CAP is vital, and time is running out. Macra na Feirme's asks are simple but vital, young farmers must not continue to be left behind in the

process. Everyone must unite on this issue for the future of all farmers and the continuation of the agri-food industry.

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