ICMSA

Submission

to the

Joint Committee

On

Social Protection, Community and Rural Development and the Islands

on Farm Assist and Other Social Welfare Schemes.

April 2024.

Mr. Chairperson, Committee members, I wish to thank you for the opportunity to address the Committee today on the topic of means testing of Farm Assist and other social welfare schemes. The subject matter under discussion this morning is of huge importance to those that are in receipt of these schemes, those who require them to address short term income challenges and it is very welcome that the Joint Committee on Social Protection, Community and Rural Development and the Islands has taken the time to consider this matter.

Irish agriculture continues to play a hugely significant role in the Irish economy and in particular, the rural economy and has the potential to continue to grow if the factors to enable continued growth are in place for the sector and the agriculture is very important to the social fabric of rural Ireland in particular. This is why rural Ireland needs to maintain the maximum number of farmers in their communities to sustain themselves and the other businesses around them. The Irish Agri-food and drink sector exported approximately €16.7 billion in 2022 supporting over 7% of total employment in our economy and is our largest indigenous industry. A strong agriculture sector is essential not only for rural Ireland and farm families but also the national economy. Therefore, social protection policies applying to agriculture play an important role in the future of our rural and national society.

The ICMSA, represents all farmers—particularly dairy and livestock farmers and we place a special emphasis on preserving the family farm structure and defending the rights and incomes of farm families. Therefore, those farm families that that are receiving lowest incomes from farming should be supported.

A key determinant of a farm family sustaining their business into the future is their economic viability. The economic viability of a farm business is defined as viable if family labour is remunerated at greater than or equal to the minimum wage, as set down in the under the National Minimum Wage Act 2000 and there is also sufficient income generated by the farm to provide an additional five per cent return on non-land-based assets employed on the farm.

Unfortunately, only 27% of all cattle farms in the 2022 Teagasc NFS were defined as economically viable and across all sheep farms, 26% were defined as economically viable. Approximately, 93% of dairy farms were economically viable in 2022. However, 2022 was a record year for the dairy sector and that figure is likely to be substantially lower in 2023 and 2024 as output prices have declined dramatically, input costs have remained high while poor weather has led to substantial additional costs.

Quite clearly, across farm sectors, there is need for a specific farm social protection scheme. Family Farm Income (FFI) is the return from farming for farm family labour, land and capital. It is a function of gross output plus subsidies less total net expenses. The average FFI in 2022 was €44,936 on over 140,000 farms, representing an increase of 29 percent on the 2021 level but please note that the 2023 figure is likely to be substantially lower unfortunately. Quite clearly, an average does not tell the full story and there is a big variation in incomes based on farm size, land quality, enterprise and yearly variations based on farm output, input prices and weather patterns. Indeed, income volatility is one of the biggest challenges facing farmers with year-on-year variations representing a major challenge to economic sustainability.

The Farm Assist scheme is the statutory scheme which provides support for farmers on low incomes. It has similarities to the Jobseeker's Allowance scheme, and recipients retain the advantages of that scheme such as the retention of secondary benefits and access to activation programmes. Expenditure on the scheme fell from €114 million in 2011 to €54 million in 2020 largely due to a fall in the number of claimants according to Department figures.

Farm Assist has been utilised for many years by low-income farm families as an essential income support during periods of low income. ICMSA believe that to take full account of an income crisis each year, it is essential that the Department of Employment Affairs & Social Protection takes the current years' income into account when assessing means on family farms. With price and weather volatility, there can be serious income swings on farms from year to year. Thus, the current practice of means assessment based on previous years' income does not fully reflect the current year income situation on family farms.

In addition, given the age profile of farming, many farmers are eligible for the Non-contributory Old Age Pension and ICMSA believes that the same disregards proposed below should be available to participants in the Non-contributory Old Age Pension scheme.

ICMSA believes that the following proposals should be implemented to improve the Farm Assist and related schemes from a farming perspective:

1. A real time assessment is required on an ongoing basis. For example, a farmer may not require Farm Assist based on previous years' income but his/her income may have collapsed in the current year and a Farm Assist payment may be required for a short period to maintain the long term sustainability of the farm. A real time assessment is absolutely essential.
2. The disregard should be higher for certain schemes and payments such as ACRES given the significant time input of farmers required for these schemes and the environmental benefits.
3. The higher disregard should also apply to the BISS, CRISS, Eco-Scheme and ANC payments.
4. The disregard should be reviewed annually to take account of inflation and increased costs of compliance on farmers.
5. The Child disregards should be increased substantially to reflect the increased cost of rearing children in Ireland.
6. After disregards for the agri-environmental and other schemes and children are deducted, remaining farm income and income from off-farm self-employment is assessed at 70%. ICMSA believe that this should be reduced to 60% as per insurable employment and provide the farmer with an opportunity to improve their farm and thus, reduce the requirement for Farm Assist going forward.
7. Farmers who were receiving a Farm Assist payment for a period may not have paid their PRSI contribution in the years they received the aid and thus their pensions benefits may be under threat. ICMSA believes that the Department of Employment Affairs & Social Protection need to address this anomaly.
8.

ICMSA believes that any changes to Farm Assist and related schemes need to recognise the challenges facing farmers and those changes should be introduced in time for Budget 2025.

On a related matter, the issue of spouses who farmed for a large proportion of their life but now find themselves excluded due to not paying PRSI in their own right needs to be addressed. ICMSA acknowledges the work done on this matter but it remains an outstanding issue for some farm families and ICMSA believes that it needs to be re-visited in the interest of fairness. Finally, in 2017, the Invalidity Pension was extended to farmers and this was a positive development particularly in light of the number of accidents on farms. ICMSA believes that a further step is now required extending Illness Benefit to the farmers and self-employed.

Thank You.

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