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Irish Farmers' Association submission - national reform programme

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Mr Robert Wiggans
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13th March 2019

Dear Robert,

Thank you for the invitation to input into the identified challenges for Ireland in the **European Semester 2019 – National Reform Programme**.

The three recommendations from the European Commission 2019 Country Report address fiscal measures, national planning and SME growth.

1. Fiscal

In the most recent economic forecast the General Government Deficit will fall from €730m in 2017 to €315m in 2018. Whilst the current outlook for 2019 suggests a further reduction to €75m for 2019. The fiscal aim is to achieve a balanced budget in 2019, falling from a deficit of 0.1% of GDP in 2018 to 0.0% of GDP in 2019. If this target is reached, the Medium Term Budgetary Objective (MTO) set for Ireland in 2019 will be achieved. This will mean fiscal prudence nationally which might be worrying for Irish farmers given the existing uncertainty with the impending exit of the UK, our biggest trading partner from the EU. Farmers will need to be supported both nationally and at European level to avoid a disastrous outcome as the most exposed to this geo-political uncertainty.

2. National Planning

Farmers can contribute to the achievement of further decarbonising the agri-food sector through the strategic development of a national approach to a renewable energy sector, and the development of the bioeconomy in a holistic and parallel fashion. This can be achieved through increased joined up thinking and the development of support schemes, which facilitate rather than hinder farmers' participation. Furthermore, the achievement of targets for forestry must ensure it is economically viable for farmers to participate in such schemes to deliver environmental benefits and improve sequestration of carbon. Ireland has a carbon efficient model of food production and one which can contribute positively to a diverse and healthy rural landscape. Wider challenges remain – such as Local Authority sewage management and compliance with the EU's Urban Waste Water Treatment Directive. In Ireland programmes such as IFA/EPA Smart Farming and the Bord Bia Origin Green are hugely successful at farm level and should be further supported in the future.

The prioritisation of upskilling with a focus on digital skills is particularly important for IFA members, with an aging structure in our sector. Many farmers may not have high levels of digital skills, this need also aligns with the digitalisation of the Common Agricultural Policy. Such changes include digitalisation of

production and farm management systems and online decision support tools. These present additional challenges for Irish farmers due to the lack of available and affordable rural broadband. In order to achieve such objectives successfully, accessible and affordable broadband alongside the development of digital skills in the sector is needed. IFA recently won a competitive tender from Skillnet Ireland in 2018 to conduct research on 'Adoption and Attitudes to Digital Tech in Agriculture'. IFA expects to have results in May of this year.

3. SME Growth: research and finance.

In the agricultural sector much research and development is carried out in universities or research centres, while IFA often participates as stakeholders in this process often very little feedback is provided. Scientific studies are often carried out in the absence of considering the implication for farmers. Without the participation of farmers, research is less valuable. IFA would like to see more engagement and opportunity to participate in research that is relevant to their business operations and farm practices.

In terms of finance and banking the IFA seek a stronger and public Government commitment to rebalancing the power between borrowers and loan owners. Our policy is clear, there should be no forced sale of the family farm, where the farmer has meaningfully engaged to find a solution. By meaningful engagement, we mean a workable proposal based upon the long-term repayment capacity of the farm and the sale of non-core assets, where applicable.

IFA has developed five key principles on which it believes negotiations must be carried out between farmer borrowers in financial difficulty and loan owners, in order to achieve a sustainable outcome for both parties:

1. No forced sale of farming assets that would undermine the viability of the family farm, where the farmer has meaningfully engaged to find a solution.
2. Full and final agreement must be reached between the borrower and loan owner prior to the disposal of any assets.
3. Assets must be sold for their full market value and with proper advertising.
4. No forced collection of debt that is not yet due.
5. Where delays in arriving at a decision are due to the loan owner's actions, there can be no interest or penalty accumulated on the outstanding debt in that time period.

The unfettered pursuit of asset disposals with no regard for alternative refinancing/repayment proposals from the farmer, and the impact of such asset disposal on the farm viability is unacceptable. This approach hinders future growth of the farm business and fosters a breach of trust in the banking system.

Yours sincerely,



Edel Kelly
IFA Economist