58TH IFA AGM

ADDRESS BY IFA PRESIDENT JOHN BRYAN

SECURING THE FUTURE OF IRISH AGRICULTURE

Welcome

Ladies & gentlemen

You are all very welcome to IFA's 58th Annual General Meeting.

2012 was a difficult year, both in terms of weather and income for farmers.

The constant rain during the summer months hit all parts of farming, resulting in:

- early housing of livestock;
- reduced thrive and yields; and
- a shortage of fodder available.

All of which will lead to severe pressure on some farmers in the early part of 2013.

Introduction

As we all know 2013 will be a critical year in deciding the future of family farms and our agri-food sector.

The decisions made in the next six months, on the EU budget and CAP, will set the funding and policy framework for the next seven years to 2020.

These are very difficult and complex negotiations. We are fighting for a budget that is worth €11bn over the next 7 years to the Irish economy.

That is why 20,000 farmers demonstrated outside Leinster House last October. The largest farmer protest seen in Dublin in over a decade. Farmers marched to deliver a clear message to the Taoiseach Enda Kenny and Minister Coveney.

That the right outcome will underpin Ireland's prospects for growth in farming and food.

However, the wrong outcome will completely undermine *Food Harvest 2020* and destroy thousands of family farms.

Farmers will hold the Minister and the Taoiseach directly responsible for the outcome of these negotiations.

I will return to CAP later, but first I want to deal with the December budget.

Budget

Last Summer, the problems in farming were plain to see.

The dreadful weather had greatly increased the workload and costs on farms.

Incomes were under serious pressure, as input prices continued to rise and product prices fell.

Throughout the year, IFA made it clear to Minister Coveney and the Government that there was no scope to cut farm schemes.

During the Autumn, IFA drove this message home by meeting with Fine Gael TDs in every constituency.

The need to retain the Suckler Cow Welfare Scheme in particular was highlighted.

Michael Dowling's report confirmed the value for money that it delivers.

ICBF, Bord Bia, Teagasc and the beef industry all highlighted its role in achieving our *Food Harvest 2020* targets.

The Minister himself had increased the growth target for beef to 40%.

However, in the budget, he abolished the Suckler Scheme, undermining a key pillar of our beef strategy.

The Minister's decision was wrong.

He is trying to defend the indefensible.

For him to claim that he is giving the same level of support to suckler farmers this year is just not credible after delivering such a devastating blow to the sector.

Try telling that to a farmer with 70 cows who got €2,800 last year and who you are now offering €400 this year.

By cutting funding for farm schemes, including Sheep Grassland and with further cuts to Disadvantaged Areas, the Minister chose to hit the incomes of thousands of low income drystock farmers.

The attack by Minister for Social Protection, Joan Burton, on farm families depending on Farm Assist is an absolute disgrace.

It means that a married farmer with two children on a farm income of just €300 per week will suffer a Farm Assist cut of €49 per week or €2,500 per year.

These cuts by Minister Burton discriminated against farmers and specifically targeted the most vulnerable members of the farming community, at a time when they are already under huge financial pressure.

I have confronted Minister Coveney over the Government's unfair and savage cuts.

I have told him on numerous occasions and I will tell him again here today: This is unfinished business, as far as IFA is concerned.

Farmers need a Minister, who will fight their case, defend their interests, and deliver around the Cabinet table.

But, Minister Coveney has not delivered.

His words have not been backed up by action. He cannot talk up agriculture's potential to contribute to economic recovery without supporting the primary producers who underpin the 300,000 jobs and €9b in exports from the sector.

CAP reform

Earlier I mentioned the critical importance of the EU Budget and ongoing CAP negotiations.

It is no exaggeration to say that Minister Coveney's ability to deliver the right CAP deal for Ireland will define his success or failure as Minister.

The challenge for the Government begins with the crucial EU summit on the 7th and 8th of February.

Agreement on an EU budget, with a strong CAP, will give clear direction and renew confidence in the future of Europe.

It is essential that the Taoiseach Enda Kenny works with traditional supporters of the CAP, such as France and Germany, to resist pressure for cuts to the budget by some Member States, led by Britain.

IFA will continue to exert maximum pressure on politicians and officials, both here at home and in Brussels.

The CAP remains a hugely important policy to Europe's 500m citizens

- providing a secure supply of high quality food to European consumers,
- with guarantees on traceability and the highest environmental standards,
- supporting jobs and economic activity in all regions of the European Union.

The Government must fight to secure a fully-funded CAP budget for Ireland – this means annual funding of €1.25bn for the Single Farm Payment and €350m for Rural Development.

This deal is potentially worth €11bn, not just to agriculture, but to the Irish economy over the next seven years and the Government must get it right.

SFP

IFA is totally opposed to flattening and regionalisation of the Single Farm Payment as this will cause major disruption of payments at farm level and undermine production across all sectors and in all parts of the country.

The SFP must reward work and effort, and not armchair farmers who have land but produce nothing.

Productive farmers are those most exposed to volatility in prices and input costs, and it is critical that these producers are protected.

The Minister must secure a limit to the total loss in payments that any individual active farmer can incur by 2019.

- That includes any reductions resulting from Greening, Young Farmers, National Reserve etc.

- The total loss must be minimised and phased in over a long time frame.

Above all, it is vital that active farmers must be protected.

IFA believes that using objective criteria, such as labour units and minimum stocking rates, can distinguish between active and inactive farmers.

This means

- A farmer with a high payment, who is no longer active, would see a greater reduction in their payment than one who has continued high levels of production over the past decade

- A farmer with a low payment, who has built up their activity since the last CAP reform, would see a higher and quicker increase in their payment, than one who has continued at the same low level of activity.

In this way, we can limit losses to active farmers and limit gains to those who are not producing.

It is essential that Greening measures must be workable, flexible and cannot result in extra costs or bureaucracy for farmers or take land out of production.

It must be at a lower rate than 30% and it cannot be used as a redistribution mechanism.

The option of 10% coupling must be available to all Member States, to protect the vulnerable livestock and sheep sectors and vulnerable regions,

If capping is introduced, it must take account of the number of labour units and the production on farm.

For Young Farmers, IFA is proposing that the top up payment should also be based on objective criteria, such as education and training.

The Young Farmer Installation Aid should also be re-introduced.

Rural Development

Farmers and the agricultural industry present the best opportunity for further growth in the rural economy.

Therefore, the CAP Rural Development Plan 2014 – 2020 must put in place strong support measures for farmers.

I am calling on Minister Coveney to show / that the Government is serious about Exchequer support for Rural Development measures by committing to 50% national co-financing.

The establishment of a meaningful agri-environmental scheme for 60,000 farmers must be a priority, with higher payments for designated areas.

The on-going EU review of the Disadvantaged Areas Scheme must ensure that member states are given the flexibility to protect existing areas.

There must be an annual allocation of at least €250m in order to ensure that payments continue to make a significant contribution to farm income.

Other programmes that should be contained within the future Rural Development Plan include:

- further education and training through discussion groups,
- on-farm investment measures,
- support for producer groups,
- measures for carbon reduction; and
- measures for economic development under Leader.

AEOS 3

I want to acknowledge the introduction by the Government of an AEOS 3 scheme worth €20m/year.

This was secured following an intensive lobbying campaign by IFA nationally and every County Executive.

The meeting with Taoiseach Enda Kenny in Castlebar was critical to the success of this campaign.

TAMs

The Targeted Agricultural Measures are an important support for on-farm investment.

The existing schemes will need to be updated, to ensure that all funding is fully drawn down.

EU Market supports

On CAP market supports, funding for measures such as Intervention, Private Storage and Export Refunds must be secured.

Private Storage must be retained as an automatic support.

This is essential to smooth out the seasonal supply of butter to match it with demand.

I want to firmly reject the European Parliament's proposal to deal with dairy price collapses. Penalising farmers who increase production, while compensating those who reduce supply is not acceptable.

Trade

For the past decade, IFA has successfully fought campaigns to prevent damaging WTO and Mercosur trade deals.

IFA forced the Commission to recognise the need for equivalence of standards.

The fight continues this year with the threat of bilateral EU deals with Canada and the US.

There can be no one-sided deals, where we are expected to allow significant imports in sensitive areas, such as beef.

National Economy

Ireland is still in the midst of a huge economic crisis.

Over 200,000 jobs have been lost since the beginning of the recession and the Irish people have taken a lot of pain in six tough budgets.

Throughout the crisis, IFA has recognised the importance of remaining within the euro and staying at the heart of Europe.

Last May, IFA played a leading role in the campaign for a Yes vote in the Stability Treaty.

After five hard years of cuts and tax increases, Europe must now come to a realistic solution on Ireland's bank debt and help put our public finances on a sustainable path.

The Government must prioritise policies that support the productive sector to deliver growth and jobs.

This means:

- For agriculture, providing support for farm schemes and tax reliefs for farm investment

- Improving our national competitiveness by reducing costs under the Government's control and in the regulated sectors; and

- Strengthening job creation measures and incentives to work

Overall, the public has a right to expect the elimination of waste and inefficiency.

We demand real value for money across the board in the delivery of all public services.

Retailers

Farmers in all commodities continue to feel the relentless pressure exerted by retailers on the price paid for their products.

Those most exposed are in the areas of fresh produce, such as liquid milk and vegetables and in the pig and poultry meat sectors.

Despite a commitment in the Programme for Government and repeated promises, the Government has failed to regulate retailers.

IFA is demanding immediate action on this issue from Enterprise Minister Richard Bruton.

This means the introduction of a statutory code of conduct and an independent ombudsman to investigate retailers' abuses, such as already established in the UK.

Such abuses cover not just unfair trading practices, such as 'hello money' and other forced contributions, but also labelling designed to mislead consumers.

IFA continues to expose mislabelling by retailers in the pigmeat, potato and vegetable sectors.

Pigs

IFA's DNA traceability programme in pigmeat is a world first and will provide producers and consumers with certainty over the origin of product.

IFA will expose retailers, butchers and food service outlets who mislead consumers.

Pig farmers have invested massively on-farm to comply with EU sow housing regulations. The cost of this investment must be recovered through increased returns from the food chain.

Poultry

The race to the bottom by retailers has pushed our national poultry industry to the brink of disaster.

Retailers have hefty margins and they must pass back 6c more per bird, so growers can cover their costs.

Producer Organisations

Producer organisations have an important role in increasing the bargaining power of farmers in the fruit and vegetable sector.

EU funding is available for POs.

Minister Coveney must ensure that his Department actively supports existing POs and the establishment of new ones.

Land mobility

Measures to encourage restructuring, farm investment and land mobility through the taxation system are critical to achieve increased efficiency on farms.

I want to acknowledge Minister Noonan for taking on board IFA's proposal for Capital Gains Tax relief on farm consolidation.

I want to welcome the support of the FBD Trust in Macra's initiative, with IFA, aimed at increasing the uptake of existing land transfer and succession options.

Equity in taxation

Throughout 2012, IFA led the campaign of opposition to apply an asset test to third level education grants.

I made it clear to Minister Ruairi Quinn that this move would discriminate against low income farm families and will not be tolerated.

Banking

Farming is a capital intensive industry requiring significant levels of ongoing investment.

Farmers need access to credit at a reasonable cost, with prompt decision making by banks.

Rising bank fees and charges are an issue for everyone.

Many farmers have particular cashflow difficulties as a result of last year's disastrous weather.

In the past number of months, I have met with the Chief Executives of the main Irish based banks and have highlighted their responsibilities to:

- Extend working capital to cover increased feed and other input costs; and

- Provide flexible and affordable restructuring options to relieve pressure on incomes.

Milk

2012 was a tough year in dairying.

Farmers had to cope with the bad weather and input cost increases, at the same time as market volatility cut milk prices by up to 6c/l.

Dairy markets and milk prices started to recover in August.

With markets continuing to strengthen, all co-ops have the scope to lift prices, and must do so immediately.

Glanbia and Dairygold plans

Glanbia has recently completed a major restructuring.

When the original plans were put forward two years ago, IFA did not endorse them.

This time, following consultation with IFA, Glanbia came forward with a well thought-out business proposition, and a more balanced deal for all Glanbia shareholders.

Having taken independent advice on key details, IFA actively supported the new structure.

Farmers are taking back control of milk processing and price in GII and the co-op still retains 41% of the plc.

Dairygold is also planning for expansion.

Suppliers in both societies are being asked to help fund new processing investment, at the same time as they will be investing on farm to deliver extra milk.

I am calling on Dairygold and Glanbia to come together and invest jointly in building scale and efficiency.

Other co-ops must do likewise.

IFA will not tolerate farmers being asked to spend €1 more on processing capacity than is required to meet actual expansion.

Kerry's "leading milk price" commitment

18 months ago, Kerry gave a commitment to pay a "leading milk price", as part of a deal which brought the co-op's share of the plc below 20%.

I am calling on Kerry plc management to resolve this issue urgently and agree a simple, transparent formula with the Co-op Board.

Milk supply contracts

On a general point, milk supply contracts being demanded by co-ops must not include restrictive clauses that tie their suppliers into purchasing inputs

On-farm expansion

Dairy farmers must be careful not to over stretch themselves financially in growing their enterprises. Teagasc has a significant responsibility to deliver high quality support in breeding, feeding efficiency, and business skills.

It is essential, that proper tax beliefs are in place to encourage on-farm investment, and to combat the effects of price volatility in the marketplace.

Beef

Throughout 2012 cattle prices varied hugely.

For the first six months, prices hit record levels and averaged €4.15/kg.

However, the factories then took full advantage of the bad weather to drop prices, opening up an unprecedented price gap with the UK.

These price cuts came at a time when cattle supplies were at their lowest in 17 years, clearly showing the need for live exports to create competition for cattle supplies.

With the massive increase in feed costs, winter finishers are facing serious losses.

Since Christmas, prices have risen by over 20c/kg.

With tight supplies this Spring, Irish cattle prices must increase further to provide a real return to finishers.

Irish farmers are entitled to the higher prices that are available across UK and EU markets.

Incomes across all livestock farms remain unacceptably low.

Live exports

Live exports are essential for price competition and additional market outlets, particularly with increased numbers from the dairy herd.
One of the best outlets for male calves from the dairy herd is the veal trade in Holland and Belgium.

There is the potential this year to double live exports, with a strong trade for calves and weanlings, and the reopening of the North African trade.

IFA has worked to ensure that veterinary certs are in place for Libya, Egypt, Tunisia and the Lebanon - for the first time in 16 years.

In recent weeks, we have actively targeted the reopening of the Libyan trade and have met with international shippers, who have boats passed and customers ready.

Sheep

Lamb price pressure and the accumulated impact of Government cuts to farm schemes have hit incomes in the sheep sector.

While funding for Sheep Discussion Groups is important, this should not have been at the expense of cutting the Grassland payment.

The producer confidence that IFA worked to build up over the past two years has been damaged and must be restored.
As we face into 2013, IFA has made it very clear to the factories and supermarkets that farmers need at least €100/lamb or €5/kg during the main selling season

Early Spring lamb producers need a substantial premium over these prices.

Commonages

The Department's attempt to impose unworkable stocking rates in commonage areas was blocked by Minister Coveney.

The Department's proposal for collective agreements is totally unacceptable.

There must now be realistic engagement by the Department with the farmers affected.

SACs

Heritage Minister Jimmy Deenihan's approach to designated land and SACs must always fully respect farmers' property rights.

This means: All environmental designation resulting in restrictions and income losses must be properly compensated.

The compensation IFA negotiated for turf-cutters has gone a long way to resolving that problem.

Flooding

I am disappointed with the lack of Government action on flooding.

All the indications are that flooding problems will get worse, unless the Government takes the necessary remedial action.

Forestry

Funding of €116m has been secured for forestry in 2013.

This will maintain premiums and a planting programme for 7,000 hectares.

Shane McEntee

I would like to recognise the hard work and dedication of the late Minister of State, Shane McEntee.

He was committed to his portfolio in forestry, horticulture and food safety, and was always a strong advocate for Irish farmers.

He will be sadly missed.

Animal Health

On animal health, IFA continues to make progress in reducing costs and removing red tape.

Further relaxation of brucellosis testing in 2013 will save farmers €3m per year.

The removal of healthy animals from the BSE test will save a further €5m.

The voluntary BVD Programme has been successful / and it now moves into the compulsory phase.

IFA has called on the Minister to provide the necessary supports and incentives to ensure the success of the programme.

Animal Health & Welfare Bill

IFA has identified important amendments to the Animal Health & Welfare Bill.

Minister Coveney must take these on board to ensure farmers are not exposed to unnecessary costs or controls.

Grain and Inputs

Last year's bad weather also caused serious problems for many grain growers, with reduced yields and severe difficulty in harvesting grain.

Some found they had over-sold their crops, leaving them heavily exposed financially.

IFA engaged with the trade to facilitate the rollover of contracts and other solutions.

Lessons have been learned.

Forward selling remains a vital tool to help growers deal with price volatility and IFA will produce a Master Contract in 2013.

On malting barley, IFA is working with Boort Malt to expand production and create new export opportunities.

Controlling input costs is essential to maximise farm incomes and IFA will continue to assist farmers by publishing real-time price information in the *Farmers Journal* and on iFarm.

Direct Payments & inspections

I want to acknowledge the significant improvement by the Department of Agriculture in delivering payments on time last year.

There will be no let-up in IFA's pressure for prompt payment.

However the lack of a balanced approach at some inspections is unacceptable to farmers and must be addressed.

If CAP simplification is to mean anything, there must be a clear distinction between the treatment of minor infringements and intentional non-compliance.

Now is the time, in the CAP negotiations, to put in place proper notice of inspections and tolerances.

In parallel with CAP reform, Minister Coveney must introduce a new Charter of Rights for farmers.

Nitrates

The Nitrates regulations are up for review in 2013.

The review comes at a time when calendar farming was exposed as completely unworkable by last year's weather.

Ministers Phil Hogan and Simon Coveney allowed flexibility last year and put in place a package of measures to facilitate farmers.

The same flexibility and logic must be incorporated into the nitrates review, particularly on the management of soiled water, green cover and phosphorous for the pig and poultry sectors.
Let me be clear with the Government: The retention of Ireland's Nitrates derogation is essential to allow Irish agriculture reach our *Food Harvest 2020* targets.

Climate Change

Growing our agri-food sector is a cornerstone of the Government's strategy for national economic recovery.

Tomorrow's IFA conference will focus on how Irish grass-based agriculture leads the world in emission-efficient food production.

It is essential that the Government's upcoming Climate Change Bill does not limit the opportunities for our food sector and our national economy.

Renewables

During 2012, IFA negotiated market-leading arrangements, for farmers on wind energy.

Renewable energy can make an important contribution to the local and national economy.

However, the Government has failed to set viable REFIT tariffs for bio-energy crops and anaerobic digestion, and the sector has virtually collapsed.

Other issues

I want to assure you that across all enterprises and issues of concern, IFA National Committees and Project Teams will continue to work hard to deliver results for farmers in the year ahead.

Rural Affairs

At a time of Government cutbacks, rural dwellers will not tolerate being treated as second-class citizens in respect of rural services, such as local road maintenance, rural security, local schools and postal services.

Minister Alan Shatter appears to have no interest whatsoever in combating rural crime.

In fact, he has discriminated against rural Ireland in the allocation of Garda resources.

Rural communities are prepared to play their part in security initiatives.

The provision of high quality broadband is critical for balanced regional development.

Farm Family

As we start 2013, I am urging all farmers to keep farm safety at the top of their work agenda.

Our Farm Family Committee will continue to be extremely active in highlighting the farm safety message.

Organisation

IFA would not exist without the support of our 88,000 members across our 945 branches.

I greatly appreciate the work of our 4,000 voluntary officers, at branch, county and national level, who give their time to improve the incomes and conditions of farm families.
We have tremendous support from our professional staff in Dublin, Brussels and in our regional offices.

I would like to thank you all for your efforts, hard work, contribution and continued support.

Conclusion

2013 will be a critical year in Irish agriculture.

This year our priorities are:

- Securing a positive outcome from the EU Budget and CAP negotiations
- Securing Government support for vital farm schemes; and
- Maximising commodity prices for producers in every sector.

I want to emphasise to you here today that the IFA will spare no effort in our determination to protect and defend the interests of all Irish farmers. Agriculture is key to the Irish economy, key to its continued recovery and to its survival into the future.

I would like to thank you for your support and I look forward to working with you.