

Budget 2012 and CAP post 2013 will test Government's commitment to Agriculture

Dear Member,

With farm output and food exports set for another strong performance in 2011, the Government must recognise **that supporting agriculture delivers economic growth** and jobs, which the country so badly needs.

The fast-growing **world population** and the new Asian middle class have created a rising demand for food and lifted most farm product **prices**. Ireland's sustainable model of food production, together with our land and water resources, mean Irish agriculture is well-positioned to seize this **opportunity** and deliver on the Government's *Food Harvest 2020* growth targets. Farmers will measure the Government's commitment in terms of both ongoing exchequer support for vital farm schemes and their defence of Irish farmers' interests in the CAP post 2013 negotiations.

The **first test for Minister** for Agriculture Simon Coveney comes in the December



John Bryan tells Agriculture Minister Simon Coveney that the Budget is a real test of the Government's commitment to agriculture.



IFA's Pre-Budget campaign puts intense pressure on Government to maintain vital farm schemes and tax reliefs: IFA Farm Business Committee Chairman James Kane, President John Bryan, Minister for Public Expenditure & Reform Brendan Howlin, Minister for Finance Michael Noonan and IFA General Secretary Pat Smith.

budget. Farm schemes and investment programmes including **REPS/AEOS, Suckler Cow, Disadvantaged Areas, Forestry and TAMs** are vital to underpin agricultural production and maintain farm incomes. Government investment in agriculture pays real dividends. Every €100 in agricultural output creates an additional €73 of output in the wider economy.

The Government can also improve **competitiveness** and support growth in farm output by

- driving down **costs** and bureaucracy
- maintaining **tax reliefs** on farm transfers and investment, and
- applying **stamp duty** and **CGT reliefs** to improve land mobility.

The **CAP post 2013** negotiations will set the EU policy and support framework for agriculture up to 2020. It is vital that the Government fights for a **flexible** policy that targets the Single Farm Payment to active productive farmers and that delivers a Rural Development programme to support agriculture and vulnerable farm sectors across rural Ireland.

The current Ciolos proposals are totally

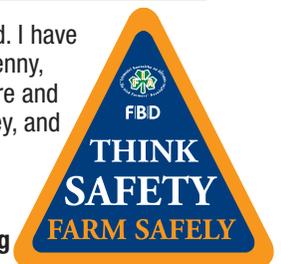
unacceptable to Ireland. I have met Taoiseach Enda Kenny, Tánaiste Eamon Gilmore and Minister Simon Coveney, and they have given a firm commitment to secure Ireland's full national envelope of **EU funding**

for both the Single Farm Payment and the Rural Development programme. The Government is also clear that the SFP must be targeted at **active, productive farmers**.

Vital **EU market support** measures must be retained to combat price volatility. In the dairy sector, Ireland must pursue a "**softer landing**" for milk quotas pre-2015. The Government must remain vigilant against any EU-Mercosur or world **trade deal** that would sell out Irish farmers.

Thank you for your support in all IFA's campaigns. I want to assure you of my absolute determination to use the resources of the Association to advance and defend the interests of all Irish farmers.

John Bryan.



Government must maintain Farm Schemes and tax reliefs in Budget 2012

IFA President John Bryan says "it is critical that the decisions made by Government on taxation and expenditure in Budget 2012 do not undermine the growth that is occurring in agriculture".

"Our farming and the food industry supports **300,000 jobs**. The impact is felt across the economy, with farmers spending almost €8bn annually on agricultural inputs and living expenses, the majority of which are purchased locally."

"In **Food Harvest 2020**, industry leaders identified the potential of agriculture to increase farm gate output by €1.5bn and to grow our export value to €12bn. The achievement of these targets requires co-operation across the entire agri-food industry. However, **Government investment** is also critical."

Expenditure

John Bryan stresses that funding for **farm schemes** is redistributed throughout the rural economy, **maintaining and creating jobs**, through expenditure by farmers on locally provided inputs, labour, goods and services.

"**With average farm incomes less than €18,000** in 2010, farmers simply cannot afford any further cuts in vital schemes. Farm incomes have been directly hit by **funding cuts** in previous budgets, including cuts to Disadvantaged Areas, REPS, the Suckler Cow Scheme, Forestry, and suspension of the Installation Aid and Early Retirement Schemes."



Minister Hogan pressed on need for Government to support agriculture, food and forestry to help deliver economic recovery: IFA Forestry Chairman Pat Hennessy, Kilkenny officers Sean Fitzpatrick & Frank Grace, Kilkenny IFA Chair Joan Fitzpatrick and Minister for Environment, Community & Local Government Phil Hogan.

John Bryan says any further cuts will undermine **activity and output** at farm level, damaging the potential of the agri-food industry and reducing growth in the national economy, thereby putting further pressure on the public finances.

Rural Development Chairman Tom Turley identified the main IFA proposals on expenditure in Budget 2012 as:

- **Reopening of AEOS** for all farmers leaving REPS 3; increasing the Natura payment to €150/ha
- **Retention of funding** at current levels for all other farm schemes - Disadvantaged Areas, Suckler Cow Welfare and REPS 4;
- **Funding for investment schemes** –

Pig, Poultry, Sheep Fencing and Handling Facilities, Dairy Hygiene and Water Harvesting;

- **Forestry** – Maintenance of premium and provision of funding for forest roads; and
- **Animal health** – No increase in levies or cuts in disease eradication schemes.

Taxation

John Bryan says "it is clear that the achievement of the **Food Harvest 2020** targets requires a sustained improvement in the **competitiveness** and efficiency of primary agriculture. The major barriers to achieving this are structural, in particular the relatively small size of Irish farms, low land mobility, farm fragmentation and the unfavourable age structure of Irish farmers."

Farm Business Chairman James Kane pointed out: "The Government can facilitate improvements in the structure of farming through supportive taxation measures. The taxation system must **impact equitably** on all income earners, and support improved competitiveness and **efficiency** at farm level."

IFA's taxation priorities include:

- **No Property Tax** on farmland or farm buildings
- **Retention of 90% Agricultural Relief** and CGT retirement relief for farm transfers
- **Stamp Duty Rates** – Reduction of rates on farmland and introduction of **CGT relief** for farm consolidation
- **Capital Allowances** – Retention for investment; and
- **No additional Carbon Tax** on Marked Gas Oil (Farm Diesel).



IFA officers tackle Minister Ring on critical importance of key schemes to maintain farm incomes: Mayo IFA Chairman Martin Gavin, Minister of State at Dept of Transport, Tourism & Sport Michael Ring and IFA Rural Development Chairman Tom Turley.

IFA Delivery – Nobody

Maximising prices in 2011

IFA's constant pressure on meat factories, co-ops and other purchasers, combined with our top-class market intelligence, has helped farmers maximise price returns in 2011.

Beef: Finished cattle prices up 47c/kg or €160/head on 2010.

Weanlings/Stores up €200/head

Milk: Manufacturing prices up 4c/l in 2011.

Liquid prices up 3c/l and maintaining pressure for a fairer share of retail price

Lamb: Prices up €10/head in 2011

Pigs: Prices are up 12c/kg. Campaign for a better margin continues

Poultry: 10c/dozen egg price increase. Resisting pressure on chicken prices

Grain: Up to 30% of 2011 harvest forward sold at premium prices.



IFA reminds Taoiseach of agriculture's capacity to deliver growth and jobs: IFA Deputy President Eddie Downey, Mayo Vice Chairman Padraic Joyce, General Secretary Pat Smith and South Leinster Vice President Jer Bergin welcome Taoiseach Enda Kenny to the IFA Stand at the Ploughing Championships.



IFA launches pigmeat DNA traceability scheme to keep retailers and secondary processors honest on labelling: Ronan Loftus IdentiGEN, John Bryan and Pigmeat Committee Chairman Tim Cullinan.

In brief

Farm Business: Chairman James Kane has warned the banks that farmers will not tolerate unacceptable behaviour by **receivers** and their agents in dealing with credit arrears. "The use of receivers must be a last resort. The bank must stay in contact with and remain accountable to the borrower." IFA has also complained to the Financial Regulator about banks' **unilateral changes** to existing loan accounts which are increasing costs to farm businesses.

Pigs: Chairman Tim Cullinan reports "with **production costs** still outstripping the pig price for most producers, IFA's campaign to lower feed prices and increase efficiency continues. Through regular meetings with all industry stakeholders including retailers, pigmeat promotions and the launch of IFA's DNA programme, an increased volume of

Irish product has been recorded on the shelves."

Poultry: Chairman Alo Mahon says the IFA initiatives to expose misleading consumer labelling are resulting in much **clearer labelling** of Republic of Ireland chicken.

Grain: Chairman Noel Delaney said **2011** saw a harvest of two halves. In the south and east, good weather and yields coupled with strong prices, particularly for malting barley, favoured growers, while in western and north western counties incessant rainfall resulted in substantial crop and straw losses. For 2012, increased world sowings and the Euro crisis are pushing **new crop prices** down.

Horticulture: Chairman Brian O'Reilly has called on Minister Coveney to ensure the immediate payment of in excess of €6m due to three **producer organisations** under the EU fruit and vegetable scheme.

Contribution of farming recognised

Agri-food sector re-established as a key economic driver

Climate Change

Government recognises importance of agriculture's potential to expand to meet food demand and reconsiders sectoral targets

Direct payments service

Thousands of farmers assisted with SFP, DAs, REPS and AEOS problems

Input costs challenged

Regular IFA price surveys on fertiliser, fuel and feed force suppliers to cut their margins

On-farm inspections reduced

Land eligibility down 18%. Cattle ID down 40%

Separate herd numbers

Issue resolved

Live exports strongly defended

Reaching 195,000 head to date this year and 340,000 head for 2010.

Vet cert secured for Egypt

€24m/year Animal Health savings

Delivered on Brucellosis and TB testing

BSE testing age

Extended from over 48 to over 72 months, worth €1.7m/year

BVD National Programme

Being rolled out from Jan 1st, targeting savings of €103m per year

Malting Barley

IFA/Boortmalt contract price delivered at €208/t

Farm-to-farm trading

Providing increased margins for both growers and feeders

Land Improvement Regulations

Basic farm improvement works excluded

Successful Nitrates review

250kg derogation for dairy and livestock, extension of pig & poultry provisions, increased N & P for malting & spring barley

works harder for Farmers

EPA

Negotiations yielding results for pigs and poultry

Slurry spreading

Two-week extension secured. Campaign continues for workable regulations

Septic tanks

IFA campaign reduces impact of charge on householders. Retro-fit scheme sought

REFIT

Tariff for bio-energy secured in Brussels

Rights of way

New low-cost system of registering rights of way introduced

Property/Site Valuation Tax

Commitment secured from FG/Labour Government that productive assets including farmland will not be taxed

Credit Problems

Farmers with credit difficulties advised and supported

Farmer creditors assisted

Payment deals negotiated with banks in Superquinn and Groome's receiverships

Farm women

Pensions restored. Ongoing campaigns on Farm Safety and mental health awareness

Farm Assist

Assessment on current year basis. 11,500 farmers receiving payments

€740m Direct Payments paid

Single Farm Payment advance and Disadvantaged Areas payments by early November

AEOS 1

8,600 farmers receiving up to €5,000/year for 5 years

AEOS 2 for 2011

6,800 farmers will receive up to €4,000/year

€18m/year Sheep package paid

Worth up to €10 per ewe

NPWS Sheep Destocking Payment

Increased by 50%

Turfcutters

Compensation of €1,000 per year for 15 years achieved. Higher payment sought for lifetime of bog. Dept agrees to purchase turf for affected landowners.

Farm Investment Grants

2,000 farmers in TAMs including Pig & Poultry Welfare, Dairy Equipment, Sheep Handling & Fencing and Water Harvesting

€120 FWM final tranche paid

Benefitting 17,400 farmers plus €12m interest top-up

Forestry budget 2011

Allocation allows 7,000 ha planting.

Producer groups being developed

Tackling Retailers

Power of supermarkets challenged and Government pressed for Code of Practice in promised Fair Trade legislation



A total of 98 TDs and Senators attended IFA's National Pre-Budget briefing in the Mansion House, Dublin: IFA Chief Economist Rowena Dwyer, Wicklow Vice Chair Michael Keegan, Wicklow Grain Chairman Tom Shortt and Oireachtas Agriculture Committee Chairman Andrew Doyle TD.



Fianna Fail leader lobbied on IFA taxation priorities in Budget 2012: Cork Central IFA Chair Anne Keohane, Macra President Alan Jagoe, President John Bryan, Micheal Martin TD and Cork Central Farm Business Chairman Gerard O'Connell.



10,000-strong IFA protest calls on Government to deliver "fair play" for farmers from supermarkets.

Minister Coveney must oppose Ciolos's CAP 2013 proposals

IFA President John Bryan has strongly rejected the CAP 2013 proposals on flat rate payments and greening from EU Agriculture Commissioner Dacian Ciolos. "These proposals will seriously impact on Irish farmers and undermine agricultural production. Minister Simon Coveney and the Government must strongly oppose the negative aspects of these proposals."

IFA Demands

- The Single Farm Payment must be fully protected – **Ireland's National Envelope** for Pillars 1 and 2 must be secured
- **Strong opposition to flat rate payments** - payments must support active productive farmers. Current payments underpin farm incomes
- **2014 reference year proposal** – Removal of any disruption to the land market
- 30% compulsory **Greening** – Must be voluntary, at a much lower rate and avoid extra costs or bureaucracy. Farmers must get credit for existing cross compliance and GAEC
- Option of **Coupled payments** for vulnerable sectors
- **SFP deductions** for National Reserve and other areas must be limited
- **Pillar 2** - No cuts to DA payments or other vital Rural Development measures
- **50% national co-funding** for Rural Development programme
- Protection of the existing Less Favoured Areas in the ongoing review at EU level
- **Market support** – Effective and properly funded measures required to deal with price volatility.



Making European alliances to protect Irish farmers' interests in CAP reform: French farm leader & FNSEA President Xavier Beulin, French Agriculture Minister Bruno Le Maire, IFA President John Bryan, European Director Michael Treacy and General Secretary Pat Smith.



IFA strongly resists EU move to flat-rate payments in CAP 2013 proposals: EU Agriculture Commissioner Dacian Ciolos, IFA European Director Michael Treacy and President John Bryan. Commissioner Ciolos will attend the IFA AGM in January 2012.

Summary of Commissioner Ciolos's Proposals

Single Farm Payment

It is proposed to divide the SFP into a number of elements:

- Basic payment
- Greening measures (30% of National Ceiling)
- Payment for young farmers (2%)
- Voluntary payment for areas under natural constraint (5%)
- Voluntary coupled payment for vulnerable sectors (5-10%)

Basic Payment & Reference Year:

A new basic payment scheme will replace the Single Farm Payment scheme. New entitlements will be allocated in 2014. Farmers will receive payment entitlements in 2014 if they activated entitlements in 2011. The number of payment entitlements will be equal to number of eligible hectares declared in 2014.

Regions: Member States may apply the basic payment scheme at national or regional level.

Flat Rate Payment: It is proposed to move from the existing payment system to a flat-rate per hectare payment between 2014 and 2019. The value of individual entitlements during transition will be based on a combination of a flat payment and a proportion of the farmer's original payment.

Greening: To qualify for the basic payment, farmers must undertake agricultural practices in respect of the climate and environment:

- Crop Diversification
- Maintenance of permanent pasture
- Ecological focus

Coupled Support: Member States may provide coupled support for sectors where specific types of farming undergo certain difficulties and are particularly important for economic and/or social reasons.

Young Farmers: An additional annual payment can be granted to young farmers (aged under 40 who are setting up or have set up in the 5 years before the basic payment scheme).

Small Farmers: Small-scale farmers may opt for lump-sum payments within minimum and maximum limits of €500 and €1,000. These farmers would not be obliged to meet greening requirements or cross compliance.

Rural Development

The budget for individual Member States for Pillar 2 (Rural Development) has not yet been decided. The budgetary allocation will be based on a combination of objective criteria and past levels of funding. The Rural Development programme will be based around the following thematic areas:

- Competitiveness and restructuring
- Learning and advisory
- Ecosystems – environment
- Food chain and risk management
- Social rural development (LEADER)

Market Support Measures

The following market support measures have been retained:

- Intervention/ APS/ Export refunds
- Intervention – tender system maintained
- Producer organisations for fruit & vegetables.

IFA pressure delivers earlier payments

Following IFA pressure in recent months, significant progress has been made in the payment of vital farm schemes, which play a huge part in overall farm income.

- **DAs payments** - commenced on 22nd September. Over 90% of farmers now paid
- **SFP** - first 50% paid on 17th October. Over 90% of applicants now paid. The final 50% will be paid on 1st December bringing the total pay-out to well over €1.2 billion
- **REPS/AEOS** - IFA has strongly criticised payment delays and called on Minister Coveney to ensure that all AEOS 1 & 2 payments are paid, as well as to the 30,000 farmers in REPS 4. It is important that the allocation for REPS / AEOS of €337 million in 2011 is fully paid out and there is very little carry-over into next year.

In brief

Livestock: National Chairman Michael Doran says the increase in cattle **prices** has lifted incomes towards viable levels for the first time ever. "Teagasc figures show **Winter finishers** need a minimum base price of about €4.40/kg to make a small margin. IFA is continuing to push the factories on contracts to minimise the risk for feeders. **Live exports** remain critically important in terms of competition and an alternative outlet."

Dairy: Chairman Kevin Kiersey says "increased profits in 2010 and 2011 have given co-ops scope to at least hold **milk prices** well into Spring. Co-ops must make plans to provide for



IFA Mercosur protest against South American Beef imports at EU Commission Office, Dublin.



IFA awareness raising campaign on farm stress: John Saunders CEO Shine, Minister of State at Dept of Health Kathleen Lynch, Minister for Agriculture Simon Coveney and IFA Farm Family Chair Margaret Healy promote IFA leaflet identifying services to help people cope with stress.

expansion and their relationship with suppliers post-2015. While IFA is preparing a strong case for the EU Commission's "soft landing" review in late 2012, flexibility around **superlevy** before 2015 cannot be taken for granted."

Sheep: Chairman James Murphy said strong **lamb prices** need to be maintained and feeders will need to see price increases as the hogget season progresses. IFA is working hard on securing a solution to **tagging** and EID for lamb finishers and there can be no changes until the current hogget season is complete in June 2013. The issues of tag fall-out, tolerances, reading difficulties and welfare must be properly addressed.

Environment & Rural Affairs: Chairman Pat Farrell has called on Minister Coveney to ensure that the **land improvement** regulations do not add further bureaucracy and costs for farmers. "IFA has submitted detailed proposals and is negotiating for necessary farm improvements to be excluded from the new rules."



Minister McEntee assesses potato crop damage in Donegal: IFA National Potato Committee Chairman Thomas Carpenter, Minister of State for Food, Horticulture & Food Safety Shane McEntee, William Monagle, Donegal IFA County Chairman PJ McMonagle, Donegal IFA Potato Rep Charlie Doherty and Ulster/North Leinster IFA Vice President John Waters.



Compiled by:
Bryan Barry
Assistant
General
Secretary

IFA, The Irish Farm Centre
Bluebell, Dublin 12
Telephone: 01 450 0266
Fax: 01 455 1043
email: postmaster@ifa.ie



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