



IFA Presentation to Value for Money Review of the Disadvantaged Areas Scheme

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Introduction

- Disadvantaged Area payments a vital support to farm income.
- Measure recognises the natural handicap that farmers face.
- Maintains farming in areas under threat.
- Avoids land abandonment.
- Ensures maintenance of the environment.



Overview of DAS

- Evolution of DAS/part of EU policy since 1975.
- Many reviews of areas.
- Changeover to area based payment from headage in 2001.
- Early element of decoupling.
- Scheme based on land but farmers have to produce in order to get the payment – minimum stocking level unlike SFP.
- Agriculture production vital in these areas as there are few other sources of economic activity.



Overview of DAS

- European dimension – all member states have part of areas designated as LFA.
- Integral part of CAP Rural Development policy for many years.
- Important element of Pillar 2 payment.
- Great variability exists throughout the EU.
- Arid regions of South.
- Colder Northern regions.
- Western wet Atlantic regions such as Ireland.

Importance of Disadvantaged Area Payments in Farm Income



- Teagasc National Farm Survey highlights importance.
- On some drystock systems DAS represents up to 30% of farm income.
- Farm income in DA's 60% of farms in non-DA's.
- This reflects the natural handicap.

Importance of Disadvantaged Area Payments in Farm Income



	Farm Income	Direct Payments	DAS	DAS as a % of Farm Income
All Farms	17771	17354	1761	10%
Dairy	44432	20751	1620	4%
Mixed Livestock	31533	23522	1945	6%
Cattle Rearing	7023	14152	2062	29%
Cattle Other	9676	15573	1604	17%
Sheep	12269	16677	2241	18%
Tillage	36759	26783	393	1%

Source: Teagasc National Farm Survey 2010

Impacts of Cuts on Disadvantaged Areas since 2008



- Allocation for DAS in 2008 was €257m.
- Allocation for DAS in 2012 is €190m.
- 7% increase in payments in 2007-2013 RDP rescinded.
- €34m reduction in budget 2008.
- €20m cut in budget 2012.
- Total annual payments have reduced by €67m in last 4 years.
- Devastating impact on farm income.

Impacts of Cuts on Disadvantaged Areas since 2008



- 34,000 farmers lost up to €1,000.
- Stocking rate and other technical changes in 2012 will take money out of rural economy.
- Attack on low income farmers.
- IFA rejects any further cuts on DAS.

Ensuring continued agriculture land use



- Number of holdings supported - 100,000 farmers.
- Maintenance of numbers suggests scheme is successful in avoiding land abandonment and helping sustain rural communities.
- Vital income support leading to continued land use and production.
- Payments made to farmers have major spin-off effect in wider rural economy.
- Agriculture output multiplier of 1.73.



Maintaining the countryside

- Cross-compliance and GAEC rules ensure maintenance of land which otherwise would be neglected.
- Combined with REPS/AEOS and Natura areas DAS scheme ensures agricultural activity takes place in harmony with the environment.
- New stocking levels for DAS will ensure the maintenance of the countryside.
- Commonage review on stock levels will ensure sustainability.



CAP Reform Post 2013

- Changes at EU level.
- Move from socio-economic to natural handicap criteria.
- New name to be called Areas of Natural Handicap (ANC's).
- Therefore integral part of CAP post-2013.
- Vital part of Pillar 2.
- Closely linked to Pillar 1.

Conclusion



- IFA rejects any further cuts.
- Payments vital for rural economy.
- Money is all spent locally.
- Sustains local businesses – Marts, Co-op's, Agri Suppliers.
- Generates employment.
- DAS payment along with other supports are vital to maintaining farming in peripheral areas.
- Meets all the objectives of the environmental protection, as well as socio-economic goals.
- Low cost of administration as it is integrated with the SFP application.