

**Address by IFA President Eddie Downey
to IFA AGM, January 27th, 2015**

Welcome

Ladies and gentlemen, you are very welcome to our 60th Annual General Meeting, which is a great milestone in the history of our Association.

Sixty years on, the issues may change, but our job in IFA is exactly the same as the founding fathers saw it – that is to do everything in our power to improve the incomes and conditions of **all** farm families.

2014 was difficult in many sectors, yet it was another year of huge work, activity and delivery by our Association.

I was particularly honoured to preside over our **60th anniversary celebrations** in the Convention Centre.

It was a great day for everybody and I am really glad we took the opportunity to bring together and show appreciation to the many officers, who have served IFA so well over the years.

The presence of the EU Commissioner, Cabinet Ministers, Ambassadors, politicians, leaders from agribusiness and the public and private sectors brought home the respect and influence that IFA carries today.

Changed policy environment

As we start a new year, we have to take on board the changed policy environment for agriculture, both at home and in Europe.

In Brussels, we have a **new agriculture commissioner**. IFA worked hard to secure the agriculture portfolio for Ireland and I welcome the positive start that Phil Hogan has made.

At home, the political and economic landscape is changing, and despite the economy returning to growth, traditional political allegiances are being questioned.

Minister Coveney is developing a new strategy for the agri-food sector, that, no doubt, Fine Gael sees as a key part of its platform going into the election.

Farm Profitability

My central message today to politicians in Dublin and Brussels is that farm profitability must be the top priority, if the viability of hard working and productive family farms is to be protected.

We have put a comprehensive 30 page submission to Government on **Agri-Strategy 2025** and, at its core, is the need to improve farm profitability.

Over the past five years, farmers have delivered for the economy through increased output, jobs and export earnings. Our high quality farm produce has lifted food exports, which are up by 45% since 2009 to €10.5b.

Farm output has driven food exports, and contributed to economic recovery, but farmers are not seeing the benefits in their pockets.

Product prices have risen, but by nowhere near enough to offset the rise in input costs and the cuts to Direct Payments in particular, with the constant downward pressure on our returns by retailers impacting hard.

Farmers are operating in an increasingly globalised environment, with exposure to severe volatility in prices, inputs and extreme weather events – all of which present a major challenge to the viability of family farms and the security of the world's food supply.

Restoring farm profitability requires action by politicians in both Dublin and Brussels and by the industry to face up to the hard issues, and that means:

- **Immediate implementation of the new farm schemes**, with the early opening of GLAS, all applicants accepted and a substantial payment made in 2015
- **Delivery on the Government's 46% co-financing commitment**, with funding of €550m per year for the Rural Development schemes, including ANC's, GLAS, TAMS, Beef Genomics and Knowledge Transfer, between now and 2020
- With the economy picking up, IFA is also laying down a marker that the unfair and unjustifiable **cuts to farmers in Disadvantaged Areas must be reversed**.
- Our State agencies, and **Teagasc** in particular, must do more to assist farmers and help build on-farm efficiency.
- Co-ops and merchants must work much harder to **improve processing efficiency and cut the costs of inputs**, while our banks must provide access to credit at keener interest rates.

- Real solutions are required to deal with **income volatility**, through greater availability of fixed price and forward contracts, an income tax deposit scheme, and bank loan repayment flexibility to cope with cashflow pressures
- **Innovative taxation measures** to support investment, farm transfers, restructuring and new entrants must be delivered. In particular, IFA's Phased Transfer Partnership model, which addresses the challenge of generating two incomes from one family farm, must be introduced.
- The Department must look seriously at giving farmers the option to use the AIMS database in order to secure competitively priced working capital against their stock
- In Europe, the EU Commission must move to **break up the cartel structure**, which is keeping fertiliser prices excessively high,
- On **veterinary medicines**, the EU again must introduce a single licensing authority to increase availability of medicines and reduce costs.

Finally, farm profitability comes down to family farms **getting a fair price** for their product.

We have played our part:

- Farmers have invested over €7b in the last 10 years in upgrading their farms.
- Over 50,000 farmers are in Quality Assurance schemes.
- Our 18,000 dairy farmers are engaged in the Dairy Sustainability Programme.
- Farmers have embraced Discussion Groups and we want these available in all sectors.
- Farmers are engaging in the IFA-led *Smart Farming* initiative to improve returns through better resource management.

We are delivering top quality product, to the highest standards in the world - but **we must be properly rewarded for it.**

IFA is demanding:

- a Government marketing and branding strategy, through Bord Bia and the Irish Dairy Board, that delivers a **price premium for Irish produce**, like the premium achieved by producers of Scotch beef and lamb
- **full transparency on prices** across the supply chain; so we know exactly what supermarkets are paying, meat factories and coops; and

- **stronger regulation of retailers** both at home and at EU level, to give a fairer share out of the consumer price. This must include a ban on below-cost selling, which has been a scourge for our potato and vegetable sector, and a Supermarkets' Ombudsman to enforce fair play.

CAP Reform

2015 sees the full implementation of the new CAP reform. Securing the CAP Budget, for both Pillar I and Pillar II, was a major achievement.

For four years, IFA fought tooth and nail against the Ciolos proposals for flattening and regionalisation of payments, and in defence of active farmers.

Those who continue to mislead and misrepresent the balanced and fair CAP deal secured by IFA must be challenged.

- IFA resisted flattening, because it would have decimated the viability of tens of thousands of productive farmers in every parish across the country.
- And, we equally resisted regionalisation, which would have meant little or no redistribution of monies to vulnerable regions.

The balanced outcome secured by IFA will see the redistribution of over €100m in payments, with an extra €38m going directly to commonage farmers.

Contrast this for example with Northern Ireland, Scotland and Wales, which implemented regionalisation, leaving the payment on their hills as low as Stg£20 per hectare.

Flattening in Northern Ireland will result in some intensive livestock farmers losing up to 70% of their payment. That's what we avoided. They are the facts.

Simplification is a key issue for farmers and I welcome the commitment from Commissioner Hogan on this.

As a priority, for tillage farmers there must be flexibility on **greening**. The reform went too far in imposing unjustified crop rotation and EFA requirements on smaller holdings particularly, which are costly and impractical with no proven environmental benefit.

On the National Reserve, IFA is insisting that "**old Young Farmers**" will be looked after.

From Minister Coveney, we need a new **Charter of Farmers Rights** now - a Charter that removes the stress of inspections and ensures that farmers are treated with respect.

Progress is being made in these negotiations, but the new Charter must include:

- a reduction in the number of inspections and elimination of duplication,
- a clear right for the farmer to separate the no-notice elements of an inspection and be given 48 hours or 14 days' notice of the remainder,
- implementation of a yellow card system,
- higher tolerances for infringements,
- an effective appeals system, and
- the delivery of payments on time, particularly this year as we change over to the new system.

The unnecessary and **wasteful duplication of water quality inspections** must be ended for once and for all.

The **reform of the SIU** was long overdue. Their heavy-handed approach and excessive use of their extraordinary powers against individual farmers was totally unacceptable.

Its replacement must deliver a total change of culture in their dealings with farmers.

Market access and trade talks

As a major exporter, market access is critical for Irish agri-food exports.

The recent reopening of the US market to Irish beef is a positive step.

There are real **opportunities in emerging markets**, such as China and Indonesia, for our high quality produce, including dairy, beef, lamb, pigmeat and farmed fish.

It is also very important that the trade embargo on EU exports to Russia is lifted in 2015.

While recognising the opportunities, we will continue to **guard against trade deals that would damage** the position of Irish produce on the EU market.

A red line for IFA in trade negotiations is that all imports must meet the same animal health, welfare, traceability and environmental standards as required of EU producers.

There can be no compromise on **strict equivalence of standards** with TTIP and Mercosur.

The interests of European and Irish agriculture must not be sacrificed by the EU in pursuit of an overall trade deal

Farm Safety

Before I turn to individual sectors, I want to deal with Farm Safety, which we, as an organisation, are again making a high priority in 2015.

2014 was a horrific year for farm accidents and fatalities, despite great efforts by IFA and our Farm Family Committee in particular.

While safety awareness has grown, there is a serious need to change behaviour.

And this is the focus of IFA's **SAVE LIVES campaign**. Farmers need to think about farm safety in their everyday work practices.

I call it "farming defensively" to stay safe.

The over-subscription by farmers for the TAMS scheme shows that farmers are serious about tackling this issue. IFA is looking for a much broader **farm safety grant scheme** in TAMS II.

Co-ops and merchants are coming on board to support our campaign by putting the SAVE LIVES message on farm transport and feed and fertiliser bags.

We all have responsibility to show leadership in this area and commit ourselves to making our family farms a safer place.

Commodities

Beef

IFA fought a **year-long cattle price campaign** throughout 2014, with sustained action and pressure focussed on Minister Coveney, the meat factories and the supermarket multiples.

Processors and retailers took full advantage of the 150,000 head increase in cattle numbers and, with weak demand, played havoc with specs, especially on the 60,000 extra bulls in the system.

As UK prices collapsed, our relationship with the NFU prevented British farmers, who were championing the Red Tractor and country of origin, from targeting Irish beef imports.

After a hard battle, IFA forced the Minister to set up the **Beef Forum**.

IFA's direct action against the retailers put the beef issue into the national headlines and put the spotlight on the factories.

As prices in the UK recovered and the factories failed to pass back any increase to producers, IFA took direct action with **nationwide factory protests**, as part of a strategy to address the spec issues, get the price moving and narrow the gap with the UK, and

lastly to give the factories a bloody nose for the disrespect shown to their farmer customers all year.

Farmers responded with real strength and determination. I want to thank you all for the important part you played in this successful campaign.

The IFA campaign set down a marker in farmers' relationship with the factories, as the industry was forced to reinstate the QPS, as the basis on which they pay for cattle – this time underwritten by Minister Coveney.

The IFA beef campaign delivered for farmers:

- We delivered a price increase of over 30c per kilo, despite a record weekly kill running right up to Christmas.
- We reversed the severe spec cuts and penalties on weight, breed and age worth €200 to €300 per animal.
- We secured a new Quality Assurance payment on steers and heifers and the retention of the 12c in spec bonus.
- And we got important commitments on beef price transparency, an increase in the age limit from 30 to 36 months, flexibility on movements and residencies, and stronger controls on carcass trim.

Let there be no doubt, IFA will insist that Minister Coveney delivers on **all** Beef Forum commitments.

Live Exports & Supplies

IFA put a lot of hard work into driving live exports in 2014, with the numbers rising to 237,000 head.

After 15 years, we secured the reopening of the Stena route to Britain, with exports increasing to 17,000 head.

We also worked intensely on the live trade to Northern Ireland, which took 52,000 head.

IFA's work led to the reopening of the trade to Libya and we now have four vessels approved for the international trade.

This year, supplies are forecast to be back by up to 150,000 head. As IFA predicted last year, this will tilt the market balance in favour of the farmer and drive on prices. Winter finishers need to see prices continue to improve.

A **strong live export trade** is essential to maximise price competition and to avoid a repeat of the marketing problems that damaged livestock farmers' incomes in 2014.

This means a strong export trade for calves in particular. Dairy calves going for beef, including bull beef, need to be covered by price contracts with the factories.

Suckler herd

Despite the difficulties on the beef side, weanling and store prices held up well in 2014.

A major IFA campaign on **suckler support** secured an increase in the Beef Genomic Scheme to €100 per head for the first 10 cows and €80 per head on the remainder, worth €52m. IFA is clear: all sucklers applied for must be paid.

Strong direct supports are essential to maintain the national suckler herd and IFA will push for a higher payment per cow in the order of €200.

Dairy

The **end of milk quotas** in just two months' time presents a significant opportunity for our dairy farmers.

However, the coming months pose a serious challenge to producers, with cashflow pressures due to lower prices, superlevy fines and tax liabilities.

What producers need now is **strong support from all industry stakeholders**, particularly from co-ops on the milk price through these crucial months.

From the banks, we need flexible loan products.

Input providers and farm advisors have to lower costs and help improve efficiency through timely advice.

On **superlevy**, we will keep up the fight for a soft landing. At the very least, whatever liability producers face must be repayable over a long term. We have already put this to Commissioner Hogan and it is getting serious consideration.

The current market volatility shows once again the need for the further development of risk management measures by the IDB and co-ops that can be accessed directly by producers.

Liquid Milk

Liquid milk is an important niche market. IFA has worked very hard to secure recognition by the retail sector that there are additional costs inherent in fresh milk production.

IFA is working with the National Milk Agency and NDC to quantify the extra production costs involved.

We are not going to allow retailers in Ireland to destroy this vital business, as has happened in the UK.

Sheep

With lamb prices averaging €5.00 per kilo, 2014 was a better year.

Direct payments are crucial for sheep farmers' incomes.

IFA is targeting an increase in direct payments through priority access to GLAS, increased STAP or Knowledge Transfer payments, reversal of Disadvantaged Areas' cuts and increased TAMS supports.

For **Commonage farmers**, plans must be implemented in a flexible way to maximise participation, in line with the IFA Commonage strategy. GLAS+ must be available for hill-sheep and commonage farmers.

The IFA proposals to extend the **burning dates** in the hills must be taken on board.

In addition, our Sheep Committee has set up a working group with the factories, Teagasc, Bord Bia and Sheep Ireland to tackle market issues and improve the returns from **hill sheep production**.

Grain

Favourable grain growing conditions globally put major pressure on prices last year.

IFA met with all the major buyers and secured their support for farmers through a very difficult season.

2015 will be another challenging year, with high world stocks. Farmers need to **consider forward selling** and IFA will continue to promote this risk management option.

For **malting barley**, IFA has proposed a 75% increase in the premium, and negotiations are ongoing to secure the best deal for growers.

The promotion of **farm-to-farm trading** continues to be a priority for IFA, providing significant benefits to both feeders and grain farmers.

Pigs and Poultry

Over the last six months, pig prices have fallen by 42c/kg and all producers are now making significant losses.

There is an imbalance in the EU market, as a result of the **Russian ban**, and the Commission must put in place stronger market support measures.

But IFA has also highlighted blatant **opportunism by processors** and we will not hesitate to take further action if prices do not rise.

And with Irish **compound feed prices** almost €50/tonne higher than our European neighbours, producers are demanding a price cut from millers.

The absence of state-backed education, research and advice for the **poultry** sector is indefensible and must be addressed.

Following years of IFA pressure, mandatory **country of origin information** for fresh meat from pigs, poultry and lamb will be required from April.

Producers and consumers have a right to expect that Government agencies will enforce this at retail level, including butchers.

Forestry

In the new Forestry Programme, IFA pressure resulted in significant improvements in the Government's proposals on grants and premiums for farm forestry.

However, if the Government is serious about our **planting targets**, there must be:

- a coherent approach by all agencies to allow planting on productive marginal land and
- a defined forest area for the duration of the contract.

In addition, both farmers with forestry and new investors need a cast iron assurance from the Government that contracts will be fully honoured. This includes the restoration of full tax free status for harvested timber.

The IFA Forestry Committee is developing new services, such as **Forest Assessor**, to ensure farmers can optimise the value of their timber.

Aquaculture

In aquaculture, Ireland's potential has been recognised in Brussels and global markets. Minister Coveney must ensure that the lion's share of the €241m in EU and national **funding** for the marine sector is targeted at fish and shellfish farming.

To restore confidence in the sector, the Minister must eliminate the disgraceful **backlog in licensing**, which has hampered the sector for the past eight years.

Environment and Climate Change

This is an important year in the climate change debate.

Our Environment Committee has been very active in this area and I want to acknowledge the progress by Government in securing EU recognition of the multifunctional role of agriculture.

The EU must now hold out for separate **treatment of agriculture** and recognition of the importance of food security in the UN Climate Change Conference in Paris next November.

The sustainable expansion of food production, as in Ireland, must be permitted to meet the demand from a growing global population.

The same goes for the **national climate legislation**, currently being debated in Leinster House.

On the issue of water, the sterilisation of land around **water abstraction points** will not be tolerated by IFA. Farmers must be fully compensated for loss of income due to the restriction of farming activity.

Separately, the new charging regime for farmers supplied by Irish Water must not result in additional costs being imposed on farm businesses.

SACs

On SACs, I am saying clearly to the Minister for Arts, Heritage & the Gaeltacht, Heather Humphreys, that IFA will not accept designations without **proper compensation** for farmers.

The **National Parks farm plan scheme** must be an integral part of the compensation mechanism because, in many cases, GLAS will not compensate farmers fully.

I am also calling for movement from the Minister on Hen Harrier areas to allow forestry planting to commence.

Animal Health

Farmers are playing a critical role in the drive to increase the health status of our national herd.

It's worth recording that **Brucellosis** herd monitoring ceased on 1st January and pre-movement controls will soon be abolished, resulting in savings to farmers worth €6m per year.

This is a major milestone in our animal health status. It has been a long and difficult road and farmers have endured a lot of pain and sacrifice in the process.

Turning to **TB**, while there is progress in reducing the number of reactors, the cost burden on individual farmers experiencing breakdowns is unacceptable.

IFA is demanding the removal of unnecessary restrictions and an improved compensation for consequential losses.

Farmers have also engaged positively and invested in the **BVD** programme. However, for industry-led programmes to achieve their objective, Government and all industry stakeholders must play their part in providing the necessary resources to support farmers.

Teagasc

The need for Teagasc to provide properly-resourced research, education and advisory services - independent of external, commercial influence - is critical.

The **recruitment embargo** must be lifted to allow for new advisors across all sectors to be employed under contract.

To help farmers cope with volatility, advisory services must include training in financial management and cashflow planning.

In the **Knowledge Transfer** scheme, the €500 payment for facilitators is unacceptable and anti-competitive. This can't be a cash-cow for Teagasc and planners.

Competiveness

As an export dependent sector, it is critical that the Government keeps tight control on all state-generated, **bureaucracy, costs and charges**, which ultimately damage our competitiveness.

To increase the productivity and efficiencies of farm enterprises and rural SMEs, the Government must push ahead with a national high-speed **broadband** service, with clearly defined and deliverable targets.

I'm calling on the Government to step up to their responsibilities for ensuring **decent services in rural Ireland**, including a nationwide banking system, proper road maintenance and rural security.

Fair Deal

The Fair Deal Scheme needs to be reformed so that any liability on productive farm assets is capped regardless of the duration of care.

Delivery in 2014

While we are looking ahead to 2015, I want to take a few minutes to highlight some positive progress and delivery by the organisation, in areas not already mentioned.

- Firstly, we need to recall the **46% national co-financing commitment** from the Government for the RDP, secured at a time of intense pressure on the public finances.
- After a determined campaign by IFA, **significant changes were delivered in the final RDP plan** that went to Brussels, for all farmers and especially for those farming commonages. We got the **Commonage Implementation Committee** set up to ensure all active farmers are treated fairly.
- **Direct payments of €1.64b were delivered on time** to the vast majority of farmers, and IFA assisted hundreds of farmers with their payment problems.
- On **eligible land**, we got an independent appeals mechanism to ensure that farmers are treated fairly.
- The **outcome of the agri-taxation review** was very positive. All existing measures for farmers were retained, in particular 90% Agricultural Relief, while enhanced measures to encourage land mobility, restructuring and tackle volatility were introduced, including long term land leasing and extension of income averaging from 3 to 5 years.
- IFA also secured the CGT exemption on the forced disposal of SFP entitlements, worth €25m.
- On **pensions**, PRSI was extended to assisting spouses making it easier for farm wives to establish their own entitlements to the contributory pension.
- In the **Nitrates review**, Ireland's Nitrates derogation was renewed, with increased flexibility on tillage, an increase in our phosphorous allowance and an improved soiled water definition.
- In the battle on **input costs**, IFA published over 100 price surveys, to keep farmers informed of best deals. This year we will be giving farmers easy access to this valuable information on their smartphones through iFarm.
- On **TAMS**, apart from the farm safety scheme, grant aid to dairy and sheep farmers was worth €15m.

- On **Animal Health**, in addition to the €6m cost savings on Brucellosis already referred to, IFA also secured €600,000 in payments to farmers in the BVD programme
- On the **regulations governing farm vehicles**, we secured important concessions on load heights and weight limits for trailers.
- On **water charges**, the Government honoured their commitment to IFA of no charge on domestic wells.
- **Across all commodities, IFA fought to maximise producer prices.** A few examples:
 - On **dairy**, we highlighted the exceptional market buoyancy of 2013, which allowed coops to support farmers in 2014
 - On **milk supply agreements**, IFA secured important improvements on conditions and price commitments
 - On **beef and lamb**, our iFarm app provided farmers with the best and most up-to-date price information available anywhere
 - On **malting barley**, our negotiations with Boortmalt secured a market for almost 140,000 tonnes, with a premium of €17 per tonne over feed, which is significantly ahead of prices paid to UK growers
 - Our **pigs DNA programme** has forced supermarkets to increase the volume of Irish product on their shelves and is delivering a price premium of about 10c/kg
 - On **vegetables**, IFA's direct action against the 5c per kilo give-aways, caused such negative publicity for the supermarkets that they were afraid to try that move again this Christmas.

I am saying again today that farmers will not tolerate their high quality produce being devalued and their livelihoods being destroyed by supermarkets in pursuit of a quick buck.

Organisation and Close

I want to say that all our committees, project teams and county executives, thank you for another year of hard work and real results for farm families.

Your work is supported by a very committed and professional staff in the Farm Centre, regional offices and in Brussels. And, on your behalf, I thank them for their contribution.

Through our Branches, County Executives and National Committees, we have a **unique democratic structure** that has delivered the best possible results for all Irish farmers for 60 years.

Last week, I was delighted to launch our new branch in Connemara, Cois Fharráige, bringing the total number of Branches to 947.

We have a huge work agenda in 2015 and, as I said in my introduction, **improving farm profitability is at its core.**

I give you my commitment to work tirelessly on behalf of **all farmers**, in **all enterprises**, in **all parts of the country.**

Thank you again for your support and I look forward to working with you in the year ahead.

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