European Network for Rural Development

Working Document

Generational Renewal

Country report – Ireland

Contents

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Introduction

In 2016, the Agri-food sector in Ireland generated 7% of gross value added (€13.9 billion), with Teagasc[1] stating that the sector produced 9.8% of Ireland's merchandise exports and provided 8.5% of the nation's employment[2] . These figures are in line with The FoodWise 2025 Report, published in 2015 by the Department of Agriculture, Food and the Marine (DAFM), which set out production targets to increase exports from €7 billion to €12 billion by 2020. Nonetheless, falling farmer numbers and in particular a decline in young farmers is a constant threat to the agricultural sector, potentially hindering innovation and progression. The 2016, Central Statistics Office[3] (CSO, 2016) show that there were 137,500 farms in Ireland, down from a total of 141,527 farms in 2000. These figures illustrate a significant decline, but of greater concern is the fact that in 2016 on 30% of Irish farms, the farm holder was over 65 years of age. Figures for young farmers were even starker, with statistics showing that the number of farmers under the age of 35 halved from 2000 to 2010. Within an Irish context, as in many European countries, such statistics highlight the issue of farm succession; where the farm holder has not identified a successor or fails to transfer the family farm until after his death. The impact of the above scenarios are often referred to as the 'succession effect' [4] and suggest that a more innovative and advanced farm system can exist if a successor or individual is identified or in place to take over the farm. In dealing with this issue - and attempting to create a shift in control to younger farmers - various policies were put in place.

Policy tools in agriculture

Early Farm Retirement Schemes

Three separate Early Farm Retirement Schemes (ERFS) were introduced in 1993, 2000 and 2007, but all were short lived and had little or no impact[5]. Conway et al. (2016) also questioned the 2007 ERFS suggesting it was preoccupied with financial incentives and failed to take the emotional aspects of farm retirement into consideration[6]. Similar early retirement incentive schemes were introduced in many European countries (Greece, Ireland, Spain, Norway, Finland and France) under the EU funded Rural Development Programme, but again their effectiveness was problematic. The UK introduced an alternative programme in Wales in 2004, The Fresh Start Initiative, which aligned young farmers or new entrants to farming with older, retiring farmers, but again this failed to reach any great success due to the reluctance of older farmers to work with young farmers who were not related to them [7]. Since 2007, no other Irish Early Retirement Scheme was introduced, but in more recent years, as the issue became more tenacious, an additional suite of policies were initiated, in the form of a Young Farmers Installation Scheme, a Young Farmers Scheme and New Entrants into Farming Scheme as well as additional policies around farm partnerships.

Young Farmer and New Entrant Initiatives

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[1] Teagasc, Agriculture and Food Development Authority, Ireland https://www.teagasc.ie/

[2] Agriculture in Ireland (2016) https://bit.ly/2FnVeK1

[3] CSO (2018) Press Statement Farm Structure Survey 2016. https://bit.ly/2Fw8R90

[4] Potter, C., and Lobley, M. 1996. Unbroken Threads? Succession and its Effects on Family Farms in Britain, Sociologia Ruralis, 36 (3), pp. 286 – 306.

[5] Hennessy, T. (2014). CAP 2014-2020 tools to enhance family farming: opportunities and limits, prepared for the European Parliament's Committee on Agriculture and Rural Development.

[6] Conway, S.F., McDonagh, J., Farrell, M. and Kinsella, A. (2016). Cease agricultural activity forever? Underestimating the importance of symbolic capital. Journal of rural studies, 44, pp.164-176.

[7] Ingram, J., and Kirwan, J. (2011). Matching new entrants and retiring farmers through joint ventures: Insights from the Fresh Start Initiative in Cornwall, UK, Land Use Policy, 28, pp. 917 – 927.

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As part of the 2007-2013 Rural Development Programme, and in addition to the EFRS (Measure 113), the DAFM instigated the Young Farmers Installation Scheme (Measure 112). The RDP 2007-2013 Ex-Post Evaluation however, found that the scheme was of an insignificant scale to make any impact on the age distribution of farmers in Ireland8. Additional efforts at incentivising young farmers and enhancing their engagement in farming and agriculture came again in the more recent RDP 2014-2020 via the Targeted Agricultural Modernisation Scheme (TAMS II), which encouraged on-farm capital investment. As part of the TAMS II, the Young Farmer Capital Investment Scheme provided grant aid of 60% to young farmers between the ages of 18 and 40 years for the 'construction, acquisition, including leasing or improvement of immovable property and the purchase or lease purchase of new machinery and equipment up to the market value of the asset' [9]. The scheme provided an incentive to young farmers to upgrade farm buildings with a further incentive for dairy farmers to renovate dairy buildings. In addition to an age restriction, young farmers could only engage in the scheme if they held a Department identifier (for example a herd number); had not previously received grant aid under an Installation Aid Scheme; had ownership or leased a development site and have a minimum of 15ha land declared under the Basic Payments Scheme or 20 production units. As an additional educational incentive, all young farmer applicants also had to meet specific educational qualifications. As part of the rules of the scheme, young farmers had to invest a minimum of €2,000 per year and the maximum investment ceiling is €80.000 and by April 2018, the scheme had paid out €21.8 million to 837 young farmers nationally.

Young Farmers Scheme

To further incentivise young farmers to engage in farming, The Young Farmers' Scheme was introduced in 2015 under the reformed Common Agricultural Policy and regime of Direct Payments. Under this scheme, the DAFM allocated 2% of the Basic Payments Scheme to fund young farmers until 2019, which amounted to €24 million annually, the highest allowable under the EU Regulations. Over 8,000 young farmers qualified for the scheme in 2015 and will continue to receive payments for a five-year period. Such an allocation to young farmers was seen as a clear incentive for this group to engage in farming and to raise the issue of farm succession within the farm family, and throughout 2015 and 2016 younger farmers continued to apply for the scheme.

National Reserve and the Young Farmers Scheme[10]

Throughout 2017 and 2018 this scheme was in place again to enhance and encourage the entrance of young and well-educated farmers in to the agricultural industry. Successful applicants on the scheme were also paid for Greening, which was worth an additional sum of money to all applicants. In 2018, the National Reserve contained two mandatory categories, 'Young Farmers' and 'New Entrants', both of which had clearly identifiable conditions which needed to be met for a successful application. Figures from the DAFM showed that over 9000 young farmers and new entrants engaged in the National Reserve Scheme in 2018, with figures in County Cork reaching over 1000 for the scheme. Although numbers are high on the scheme, the longer term or qualitative impact of the structure is difficult to determine as of yet, however a recently interviewed young Irish farmer involved in the scheme suggested that he uses the funding to improve aspects of his farm, which would otherwise not have been improved, implying the value of the scheme on his farm.

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[8] Indecon (2017) Ex-Post Evaluation of the Rural Development Programme Ireland (2007-2013). https://bit.ly/2Cnqx3H

[9] Department of Agriculture, Food and the Marine (2017) Summary of the Rural Development Programme 2014-2020 – 2nd Amendment, p. 18. https://bit.ly/2D9Ay68

[10] Department of Agriculture, Food and the Marine (2018) National Reserve (Young Farmer/New Entrant) and Young Farmers Scheme Terms and Conditions https://bit.ly/2TTbaXA

The Succession Farm Partnership Scheme

This scheme provides a farmer and their successor with a tax incentive if both parties enter an approved partnership, culminating in the transfer of at least 80% of the farm assets to the successor. The scheme is incentivised by offering an annual tax credit worth up to €5,000 for a five-year period. In addition, an on-farm agreement also needs to be put in place which included the day to day running of the farming and the responsibilities assigned to each partner.

Collaborative Farming Grant Scheme

To enhance the above process even further, a 'Collaborative Farming Grant Scheme' was introduced to allow farmers to engage a number of experts in drawing up a farm partnership and to cover service costs, including legal, advisory and financial services. New polices such as the above are gradually raising the issue of succession and access to land for younger farmers however, the heterogeneity of Irish agriculture may limit the success of such policy initiatives. In particular, smaller farms, which account for 37% of farms nationally, 44% in the Border Midland and West (BMW) region and 30% in the rest of the country [11], fail to make sufficient income to cater for two families and as a result farm partnerships can be more difficult to establish in these regions. As an alternative, young farmers, or indeed young rural individuals not connected with farming, but wishing to remain in a rural region may consider diversification or engaging in a rural enterprise.

Other instruments

In 2012 an Irish study showed that only a small proportion of Irish farmers are interested in farm diversification and often only those who fail to make a viable income from commercial or production agriculture [12]. Nonetheless, in a recent Teagasc publication, they alluded to countless possibilities for farm diversification which can realistically increase household income [13]. These include a range of possibilities such as farm tourism options, organics and social farming. Assistance via Teagasc and the DAFM are on hand to assist in operationalising these ventures if farmers wish to engage. Diversification options in Ireland either on-farm or off-farm can be funded via LEADER funding, although some farmers and rural entrepreneurs find the process difficult, engaging instead with farm loans via the banking or credit union systems. Towards the end of 2018 however, over €24 million was allocated to rural projects under the rural economic development and enterprise theme of the LEADER programme, which will undoubtedly produce some excellent rural enterprises in the coming months.

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[11] Dillon, E., Hennessy, T., Moran, B., Lennon, J., Lynch, J., Brennan, M. and Donnellan, T. (2017) Teagasc National Farm Survey: The Sustainability of Small Farming in Ireland

[12] Meredith, D., Heanue, K., and McCarthy, S. (2012) Farm Development: Attitudes of farmers to farm diversification. Teagasc Rural Economy and Development Programme (REDP) https://bit.ly/2VUIYFD

[13] Teagasc (2018) Diversification. https://bit.ly/2RRPoGp

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