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National Recovery and Resilience Plan – Public Consultation
Irish Farmers' Association Submission

IFA welcomes the opportunity to provide input into the public consultation stage in the preparation of Ireland's National Recovery and Resilience Plan.

IFA is the representative organisation of over 72,000 members throughout the country and is the recognised voice of Irish farmers in Europe and internationally.

The objective of IFA is to provide focused leadership to deliver improved income and conditions for all farm families. The Association promotes the ongoing development and competitiveness of Irish agriculture and the food industry.

As an essential service, the agri-sector will make an important contribution to Ireland's economic recovery from COVID-19, just like the sector played a vital role in driving the recovery from the last recession.

1. Taking into account the guidance provided by the European Commission, what are the areas Ireland should prioritise for 1) investments and 2) reforms for inclusion in our National Recovery and Resilience Plan?

Renewable Energy & The Bioeconomy

Renewable energy and the bioeconomy offer significant opportunities for locally owned, community-based micro-generation. Most EU Member States have long recognised that political support is necessary to overcome the obstacles that limit the adoption of renewable technologies.

However, the lack of clear and cohesive policy initiatives and financial supports to date will see Ireland fall considerably short of meeting its EU 2020 renewable energy targets and struggle to achieve the extremely ambitious 2030 targets outlined by the new EU Commission.

The Programme for Government Our Shared Future recognises the potential for microgeneration, solar, anaerobic digestion and other potential farm scale renewables. This must be backed up by substantial initiatives by the Government to encourage farmers to participate in what it describes as a 'revolution in renewables.' IFA makes the following proposals:

- Tiered supports are required for the development of anaerobic digesters, ranging from farm scale (up to 0.5MW), to community/small co-op scale (0.5MW – 2MW) and large co-op (5MW).

- The provision of a Capital Grant in the order of 50%-60% which is ring fenced from existing farm supports and essentially brings new capital to a farm solar proposition. There needs to be flexible criteria around this grant to ensure participation of all farmers regardless of the sector, size or geographic location. Supports need to be tailored to take account of the west/east and north/south divide for farmers, ensuring a level playing field regardless of farm size, farm location or farm sector

- Development of a Feed in Tariff paid on the metered output of a solar installation and based on detailed financial modelling through the collection of funds from the carbon tax and the PSO Levy.

- The export payment alone will not guarantee success for the adoption of micro generation, it must also be combined with a fair capital grant support (that has a straightforward application) and easy access to and use of the National Grid which is a national resource. The overall effect must be to provide a business case to farmers and rural agri-businesses with a payback in the region of 5-6 years, typical paybacks at present of c.14-16 years will not suffice for widespread adoption.

- Favourable tax treatment to promote uptake on renewable technology for farm communities. Revenue generated from renewable energy should be exempt from income tax for an extended period, as is the case with forestry.

- Inter Community Network Charges - Recognise the farming community as a virtual community in terms of auctions etc. The definition of a community should be virtual and more in the 'common bond' space than in a geographic location or building. Create a framework for energy communities that would allow small auto-producers to share their excess without incurring system charges, therefore increasing export value. This allows for energy trading between farmers.

- Finance - Government need to provide access to low/no interest finance to farmers and farm communities to encourage investment by the sector.

- Renewable Electricity Support Scheme (RESS) - Amend and simplify the terms of RESS to allow a farmer grouping (community) to bid in and receive support as a combined community project.

- Engage with the farming community to ensure there are no prohibitive network charges to deter investment in small scale renewable energy projects.

- Planning exemption for farmers for small scale developments. One-stop advice clinics should be provided to assist project developers to submit successful applications.

Research and Innovation

Investment is required in research and innovation in order to increase the competitiveness of the agri-sector in the face of increased environmental ambition. In order to meet our environmental targets, farms are being asked to become more effective and efficient. Productivity gains are core to this challenge and continued research by Teagasc on soils, fertilisers, pesticides, carbon efficiency, water quality is vital.

Digital Connectivity

The National Broadband Plan must be rolled out without further delay. During the pandemic we have witnessed the return of many people to rural Ireland to work remotely. High-speed broadband with a robust band width is critical to ensure enterprise can continue to prosper and grow in rural Ireland.

Similarly, the rollout of 5G coverage is urgently needed to empower the agri-sector to fully embrace the digital transition. These investments are pointless unless skill development programmes are provided to aid people manage the digital transition.

Generational renewal

Ireland has a high level of owner-occupancy of farms, and the sustainability and viability of the sector requires that the family farm can be transferred between generations with the minimum of administrative complexities, legal costs and tax exposure. Agriculture is a low margin, highly capital-intensive business with the primary asset - land - requiring large amounts of investment. State intervention is necessary to support new entrants and increase land mobility.

Generational renewal in the agri-sector is a major challenge as only 5% of farmers are under 35 and 30% of farmers are over 65. With CAP reforms coming into force in 2023, it is imperative that young farmers can continue to avail of supports to aid their entry into the sector (e.g. Young Farmers Scheme, National Reserve, Young Farmers' Capital Investment Scheme).

Young farmers face many difficulties associated with accessing finance. Young farmers have a limited credit history and lack collateral which hinders their access to finance. The legal costs of putting security in place and valuations of assets is another prohibitive cost. There is a need for the Strategic Banking Corporation of Ireland to provide an affordable product for young farmers to overcome these difficulties.

Tax reliefs recognise the high prices of agricultural land for a low margin and reduce the cost of transferring land which incentivises intergenerational renewal. IFA puts forward the following proposals as further measures which should be implemented to increase lifetime succession and intergenerational renewal:

- Young Trained Farmer Stamp Duty Relief should be fully removed from State Aid or the ceiling of €70,000 (along with stock relief and succession partnership relief) be increased, to allow for greater land mobility, encourage land transfer and develop economically viable farm units. Furthermore, the age limit of 35 years should be moved in line with the Department of Agriculture's Young-Trained Farmer age maximum of 40 years and Revenue's age eligibility condition of the tax credit for succession farm partnerships, which is also up to 40 years.

- Under the Capital Acquisitions Tax (CAT) code, the Category A threshold (parent and child) should be increased from the current rate of €335,000 to €500,000 to support the transfer of economically viable family farms. Moreover, due to changing demographics and family structures, the Favourite Nephew or Niece Relief should be extended to a Favourite Successor Relief, allowing the farm to be gifted to someone who would be in a better position to continue farming the land.

- An individual should be able to avail, in full, of the CGT Entrepreneur Relief and the CGT Retirement Relief over the course of their lifetime. The interaction between the two CGT reliefs should be removed, and that the two reliefs should be standalone.

Farm safety

A large proportion of all fatal workplace incidents (50%) occur in agriculture, fishing and forestry sector. Of 46 deaths in 2019, 18 were in the sector, which is disproportionate to the share of the workforce (7.1% in 2019) employed in the sector.

Between 2010 and 2019, there were 214 fatal incidents on farms. Of these 65 involved a farm vehicle, 39 involved machinery and 39 involved livestock. These three areas accounted for 67% of all fatal incidents on farms. The age profile of those killed is also a serious concern, with the old and the young exceptionally vulnerable to death and injury on Irish farms.

The €5m announced in the Finance Act 2020 for the accelerated capital allowances on farm safety equipment scheme is welcomed by IFA and we call for further investment in the safety of our farms and farm families. The list of eligible equipment under the scheme must be expanded to include additional items to protect farmers and aid disabled farmers in adapting their farm.

2. Of the Country Specific Recommendations received by Ireland in 2019 and 2020, which are considered the most relevant for reflection upon in Ireland's National Recovery and Resilience Plan?

It is imperative that adequate support is provided to SMEs to ensure they remain liquid during the pandemic and in its aftermath.

Investment in the green and digital transition, especially in micro-generation and the bioeconomy, which will transform rural Ireland's economy. The agri-sector is a central provider of public goods and reward for carbon abatement through carbon farming is very important.

The sector can also play a key role in renewable energy and the bioeconomy. Basic services and infrastructure such as public transport, water supply and treatment, and broadband are key to ensure people continue to live and work in rural Ireland.

Investment in programmes to develop digital skills among the population is crucial to ensure nobody is left behind by the digital transition.

Improving the productivity of SMEs by reducing regulatory barriers to entrepreneurship is critical.

Generational renewal in the agri-sector is a major challenge as only 5% of farmers are under 35 and 30% of farmers are over 65. The necessary income supports, tax reliefs and advisory programmes are required to incentivise young farmers to enter the sector and increase land mobility.

Submitted by Irish Farmers' Association.

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