**East Donegal & Inishowen dairy discussion groups**

**Submission on national agri-food strategy to 2025**

**Key issues for future development of dairy farming**

**Land availability**

After milk quota abolition the main limiting factor for most dairy farmers is land availability. Farmers in the Donegal area have already come across this issue as quota availability has allowed more expansion pre 2015 than in other parts of Ireland.

To optimise profitability and sustainability in an increasingly volatile dairy environment, milk production needs to be based on grazed grass. This allows Irish dairy farmers to be globally competitive. Other higher input dairy systems are more vulnerable.

Land available to graze around the milking parlour (grazing platform) is central to the success of this system.

Fragmentation of land holdings is the biggest obstacle in our region. Most farmers have more than one land block.

Access to extra land for milk production is the next most important obstacle.

Farmers and land owners are very slow to change this situation despite significant government incentives being in place.

**Reasons**

There are many and they are complex. The key reason is fear of change.

**Losing out on subsidies**

The frequent modification of the CAP leaves uncertainty in farmer’s minds. Dairy farming would benefit from removal of subsidies as this would speed up structural change. Subsidies currently leak into land prices. The link between land and subsidies is often a reason given for lack of land restructuring. The under use of good quality land due to subsidies is the most frustrating aspect for progressive dairy farmers.

**Inter family transfer**

Very often older famers hold on to land thus not allowing a younger generation to get control and establish viable dairy units. Reasons include lack of clarity around laws on marriage breakdown and inheritance leading to insecurity for older farmers. Also the potential for family disputes slows down generational change.

**Solutions**

**Regulations around subsidies**

Clear definition of active farmers (what constitutes a hobby farmer, a commercial farmer or an outside investor)

Policy development to encourage non viable farmers to release land while not losing out on social welfare or subsidy entitlement.

Variable minimum stocking rate for subsidies depending on land quality (e.g. 2 livestock units per hectare on better land as defined by recent soil survey) This would lead to much more productive use of better land benefitting all involved.

Encouragement of non dairy farmers to support expanding dairy farms e.g. contract rearing, forage production, etc.

**Targeted grant aid**

Grant aid has proven in the past to be a very effective means to achieve a policy objective e.g. environmental or safety improvements. Targeting grants to new entrants and young farmers under a certain age e.g. 30 can meet a number of objectives.

It would encourage the transfer of land or its control to a younger generation.

New entrants will face a significant challenge from established farmers and without some form of aid the future of dairying will consolidate towards a few large operators.

This support could be scaled back once a certain production level has been achieved.

**Tax policy around land purchase**

Land in Ireland is very expensive relative to potential returns. Buying land is tax inefficient and ties up too much working capital. Encouragement of long term leasing, partnerships and share milking systems need to be continued and developed. A system allowing a partial payment for inherited land could be investigated to reduce potential family disputes (tax issues around this area would need examination)

**Milk processors**

Policy should encourage a farmer owned co-operative model that is globally competitive. Rationalisation of current entities through mergers and acquisitions needs support.

**Regulations**

Clarification on low cost housing options (e.g. dirty water storage, earth banked silage pits and lagoons etc.)

Flexibility on calendar approach to farming (e.g. closed periods for slurry spreading)

**Education & Training**

Labour and management for dairy farms of the future are critical issues.

Applied technical courses for farm workers need to be encouraged.

Farmers of the future will need more human resource and management skills. They need to be trained in these areas.

There will be an increased demand for farm managers and education needs to reflect this.

Applied leaving certificate focused on farming may be an avenue to encourage young people into farm work.

Discussion groups need to be continually encouraged. They need to be facilitated by an independent state advisory service. Commercial advisory will have a commercial bias and give potentially confusing messages (e.g. feed merchants)

**Research and development**

Continual independent dairy research from Teagasc is an important benchmark for farmers. It is vital that this research is applied at farm level in order to maintain competitiveness and again a viable state advisory service aids this.