

DARD Farm Income Statistical Indicators: Proposal for Change
Submission by: Cllr. Tom Elliott MLA, UUP, Fermanagh & South Tyrone

Cllr. Tom Elliott MLA
Fermanagh Unionist Association
1 Regal Pass
Enniskillen
BT74 7NT

Mr Joe O'Reilly
Department of Agriculture and Rural Development
Policy and Economics Division
Room 810
Dundonald House
Belfast
BT4 3SB

27 December 2006

**Re: DARD Consultation - Farm Statistical Indicators:
Proposal for Change**

Dear Sir

Introduction

I welcome the opportunity to respond to this consultation. Firstly I wish to declare an interest in that I am a dairy and beef farmer by profession in my constituency of Fermanagh and South Tyrone and state that the views expressed are my own opinion.

Being a farmer means that I am acutely aware of how farm businesses and more importantly farm families have witnessed massive decreases in incomes and profitability over the past decade. The problems in the industry have been exacerbated by the culmination of several crises; BSE, FMD plus intensive competition from cheap imports have led to an unprecedented period of depression in the agricultural industry.

As in any walk of life the 'status quo' is not an option, change has been forced upon the industry by dramatic changes to CAP and other EU directives, the freeing up of world trade and changing consumer demands, because of these changes it is perhaps time to review farm income indicators.

My thoughts contained in this submission are made under the overarching prerequisite that any changes to farm statistical indicators do not place yet more bureaucratic burden on farm businesses, the level of red tape in the sector is totally unacceptable and does little to promote recovery after years of problems. In addition the costs of any alterations must compare favorably to the benefits that the resultant changes will bring.

Indicators – Reflective of Reality

As is referred to in section one of the consultation document farm income statistics are used as an indicator of the “health of the farming sector”. It is imperative therefore that this indicator is in fact reflective of the realities witnessed on the ground. Let nobody be fooled into thinking otherwise, farmers and their families have been struggling to survive on paltry wages, often below minimum wage guidelines, many farmers have had to seek external employment and, quite often, the income from this is eaten into by farm improvements and modernisation.

I accept that the public at large and the various national and European government departments require precise statistical measures if they are to truly understand what is a complex, competitive and demanding industry. However the recent trend whereby DARD on the Internet freely publishes the gross subsidy payments made to farm businesses did little in the way of educating external parties as to the situation in the agricultural sector. The figures were tabloid headline grabbing in nature, and helped to promote the image of farmers as being well served at the EU ‘trough’, which is simply not true. Therefore, if the proposed changes to farm income statistical indicators makes the realities of farm life more clear to onlookers then it is to be welcomed as a whole.

It is vital to the UK farming industry that when the consultations in England, Wales, Scotland and Northern Ireland are completed that they feed into the development of common indicators, this will provide the tools for comparing various regions of the UK with each other. Across the UK industry there are undoubtedly variations in profitability inter sector, a survey of dairy farmers conducted by the National Farmers’ Union (NFU) in England really hammered home firstly the plight of the industry and secondly the huge variation that exists between the average dairy units in England and Northern Ireland.

Criticisms of Net Farm Income

The main criticism of Net Farm Income (NFI), namely that “notional tenant rents which are not actually incurred are deducted as costs” is particularly relevant to Northern Ireland which traditionally has owner occupied farms, with there being a higher incidence of tenant farmers on the ‘mainland’.

Once again the traditional form of farms in the Province, i.e. a strong sense of family co-operation is not catered for in NFI, although the Total Income From Farming (TIFF) does more accurately reflect this phenomenon.

Having a measure of income similar to that used in the rest of the EU should aid in comparing the state of the industry in the UK with that of the other nation states, this would be helpful when the UK lobbies for a fair slice of funding from the EU.

Improving awareness of the number of stakeholders in a farm business may improve knowledge of how valuable the industry is to rural communities and help to educate them as to the facts of the sector. Return to

entrepreneurial involvement beyond the farmer and spouse, such input is key to the business especially at harvest time, or lambing for example.

Diversification

Diversification of farm resources is becoming increasingly commonplace in Northern Ireland, low returns from 'normal' farm activities have necessitated such entrepreneurial developments, indeed such initiatives should be encouraged in the Province as a way of broadening the rural economy.

Inclusion of diversification activity in calculating Farm Business Profit must not be allowed to mask the real situation experienced in the majority of farms, which have not branched out into some form of diversification activity. However if diversification were included in the calculation of Farm Business Profit then the definition outlined in the consultation document appears to be appropriate in that it is not a broad definition which is detracted from farming.

Supplementary Measures of Farm Income

The need to publish several supplementary measures of farm income can only be justified if the so-called 'data users' absolutely require it, in addition the costs of calculating and analysing multiple measures must be assessed financially, the agriculture budget cannot be allowed to be eaten into unnecessarily.

Conclusions

Altering the Farm Income Indicators to be more reflective of the realities of the agricultural sector would indeed aid the industry in terms of projecting this to those not in the industry. However, in making such statistics more realistic the costs involved must be monitored to ensure that expenditure is justified, there is limited benefit in having a farm income indicator statistic that is second-to-none while ignoring the fact that incomes are low and that investment is required for agri-education, farm modernisation, attracting and retaining young people into the industry and the promoting farm diversification.

It is also imperative that in the drive to improve the realism of farm income indicators that the end product is not an overly complex and labour intensive system. Finally the overhaul of the farm income indicators must not impose yet more form filling on the farmer for the bureaucracy threshold has been reached long ago and the industry will not and should not have to endure yet more.

I trust that these points will be given due consideration.

Regards,

DARD *Farm Income Statistical Indicators: Proposal for Change*
Submission by: Cllr. Tom Elliott MLA, UUP, Fermanagh & South Tyrone

Cllr. Tom Elliott MLA
Fermanagh & South Tyrone