

## A future vision

### FOR THE INDUSTRY AS A WHOLE:

In 10 years' time, the Committee envisages an environment in which agriculture has the freedom to flourish.

The industry will produce competitive, premium quality products sold through robust & efficient marketing systems incorporating the use of co-operatives as a route to market.

Agriculture will have ongoing Government financial support that is compatible with European Union legislation & does not interfere with the marketplace. It will reward farmers for helping to maintain the Isle of Man's quality environment & exporting products to raise the awareness of the Isle of Man as a brand.

### FOR INDIVIDUAL FARMERS:

In 10 years' time, the Committee envisages a thriving market-orientated farming community, where individual & co-operative entrepreneurialism is rewarded by the market.

The Committee sees farmers providing services to the Manx community through their top quality food supplies, high quality landscape management & the provision of amenity opportunities. Farmers will be supported by the Government for the provision of these agreed outputs.

## The impact of the loss of the derogation

The loss of import restrictions will impact on the prices received by Manx producers and will be felt right across agriculture. To adapt to this changing scenario, it is essential that changes are made to improve the competitiveness of Manx agriculture.

### Key changes:

- The high costs in the food chain will be transferred to the farm producer;
- The effect on farm gate prices will be significant;
- The price paid to the producer will have to better reflect the specific product's retail value;
- Current marketing legislation will be brought into question &
- The role of the local supermarkets will become increasingly significant.

## Taxpayer support in the future

Europe is now leading the way to ever-faster liberalisation within its own borders and combined with world trade changes; this has caused many agricultural prices to fall. However, there has also been considerable growth in the market and prices for premium quality branded produce. The majority of production from the Isle of Man is exported into Europe, so to maintain this trade, we must reflect the world market changes.

In real terms, Manx agricultural support has increased, yet farmers are still ceasing to trade. Current Manx subsidies directly influence farmers' behaviour, distracting from consumer needs. Continued taxpayer support, post-derogation, will be unaffordable without industry changes.

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Food security & landscape management will be crucial to ensuring taxpayer support.

A new long-term support structure should empower a more flexible, dynamic, & market-driven approach & acknowledge the benefits that flourishing agriculture provides, including the provision of our current rural landscape.

De-coupled support would dramatically increase the chances of improved market focus & entrepreneurial activity, especially if accompanied by short-term support for market initiatives.

## **A marketing strategy for the red meat sector**

Whilst excellent progress is being made in this area, in order to ensure long term survival, the red meat sector must continue to become more market focussed. However, there will also need to be short-term initiatives to allow an effective & affordable route to market.

The development of ongoing marketing & PR should promote local product to ensure consumers are demanding local meat in Island supermarkets and to develop premium export brands.

Farm gate prices will vary to reflect the fact that meat for export currently has a significantly lower value than that consumed on the Island.

The food chain must become better informed with regard to future trends.

The cost effectiveness of the Island's meat plant is being considered. Options include: formally splitting the trading operation of the slaughter hall from the processing & marketing operation; measures to improve consistency of supply and quality of stock; detailed benchmarking; & improving staff productivity.

## **De-coupling & the FMA**

The impact of de-coupling on livestock production is impossible to accurately predict. However, it is prudent to assume production levels may reduce at least marginally, which will increase the slaughter cost per animal.

It is recommended that a period of transitional support be implemented until the long-term slaughter solution can be identified.

## **Individual farmer action**

Each farmer should seek to take control of the challenges they face inside the farm gate.

Many farmers have scope to change their business & subsequently become more successful.

On-farm advisory service will be expanded to support farm businesses to explore opportunities.

Greater flexibility in tenancy legislation would allow some farmers to retire earlier & receive income from renting out land, enabling rapid changes to business structures.

De-coupled taxpayer support would allow individuals to simplify their business and release management time for alternative activities.

## **A final word**

Farmers have encountered change over countless generations. The need to evolve is constant - in agriculture or any other industry. There is every reason to believe that the current issues facing agriculture will be successfully confronted, as they have been in the past.

**If you have any views on our initial findings, please make them known, in writing, to any Committee Member by 31st August 2006.**